Water Regulatory Authority of Albania

Report on the Performance of the Water Supply and Sewerage Companies

2013

Published by
Water Regulatory Authority of Albania (WRA)
Blv. Gjergj Fishta, No.10
Tirana, Albania

E-mail: public@erru.al
Tel.: 00355 4 2258046
Website: www.erru.al

October 2014

ISSN: 2305-3445

bashkëpunimi gjerman
DEUTSCHE ZUSAMMENARBEIT

Implemented by giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

The printing of this report was supported by

Deutsche Gesellschaft fur
International Zusammenarbeit (GIZ) GmbH

Water Sector Reform Program, Albania

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 the highest attainable quality and financially sustainable and affordable service to all Albanian consumers from water supply and sewerage service companies.

Content

Abbreviations

WRA	Water Regulatory Authority
WSS	Water Supply & Sewerage
NRC	National Regulatory Commission
KPI	Key Performance Indicators
JSC	Joint Stock Company
USAID	United States Agency for International Development / Agjencia për Zhvillim e Shteteve të Bashkuara
UNDP	United Nations Development Program / Programi për Zhvillim i Kombeve të Bashkuara
IWA	International Water Association / Shoqata Ndërkombëtare e Ujit
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit / Agjencia Gjermane për Zhvillim Ndërkombëtar
KWSSRO	Kosovo Water and Wastewater Regulatory Office
O&M	Operation and Maintenance Costs
WSSGD	Water Supply and Sewerage General Directorate
MBU	Monitoring and Benchmarking Unit
WHO	World Health Organization
EU	European Union
PHI	Public Health Institute
PHGD	Public Health General Directorate
WTP	Wastewater Treatment Plant

Foreword

For the third consecutive year I have the pleasure to share with you the Performance Report for Water Supply and Sewerage Companies for 2013. Although the Water Regulatory Authority has started the preparation and publication of this Report relatively late, we are all aware of its importance already, not only for the Companies to see their achievements in years but also to compare their achievements with Companies that are operating in the same area, or the interested parties as Owners, Supervisory Councils, Consumers so that they learn about this performance and also about the Authority itself.

The trend analysis of the overall sector performance and developments or problems identified for each company in particular, help in fulfilling the mission of the Regulatory Authority, but also in improving standards, methodologies or practices that it uses to make possible this comparison of performance. For this reason, despite the fact that the same indicators were obtained in the analysis of this Report as well, the Water Regulatory Authority, based on the experience of the three-year comparison of performance, is considering the possibility of adapting the standards and practices of the assessment of companies, adding and regrouping the performance indicators used for evaluation, and the weight of each of them.

On the other hand, since this report is trying to provide a real view of the performance of WSS companies, there is still much room for improvement regarding the data, on which it is based. A good sector regulation needs reliable information and data as well as continued monitoring. The monitoring provides the opportunity to make a correct assessment of the performance of every company and establish realistic objectives, taking into account their current capacities. The data accuracy and reliability is already one of the most urgent challenges of WRA for the incoming year.

As far as 2013 is concerned, the analysis of performance indicators confirmed once more the sector problems in the last two years in both main aspects: in management and investment. The best part of the indicators taken in the analysis has had a slight increase, or the same levels as those during the last two years. The companies have again improved their financial situation, and based on the analysis of relevant indicators, it is thought that this improvement is a result of the applied tariff policies, whereas the effect brought about by the cost reduction or increase of invoicing or the collection rate has been lower. Thus, the duration of water supply or the metering ratio has suffered a small increase compared to one year ago. On the other hand, the level of losses continues to be one of the most serious problems in the sector, with a negative impact on the financial sustainability of companies and also on the quality of water for public consumption.

Of course, besides the problems within the groups, there are also those companies that should be congratulated, the best performers of the year and those companies with the best performance compared to a year ago. These companies are performers, who encourage the other companies in achievement of service standards towards the Albanian consumers. Thank you for your work and dedication in achieving the objectives in the sector.

On the other hand, on behalf of the Water Regulatory Authority, I'd like to assure you of our support for your work in the sector development, in spite of many challenges and problems.

In conclusion, I'd like to thank all the WRA employees for their work and dedication shown in the preparation of this Report and also the GIZ advisors for their fruitful collaboration, not only in this report, but also during all these years of common work.

Avni Dervishi
Director of Water Regulatory Authority

Introduction

For the third year in a row, the Water Supply and Wastewater Treatment and Disposal Regulatory Authority prepares the Performance Report about the active companies in this sector. This year, the performance report 2013 is also based on the assessment of the activity and services provided by the water supply and sewerage utilities based on 10 key performance indicators selected (KPI) by the National Regulatory Commission.

Recognizing the need to improve the service and increase long-term financial sustainability in the sector, in selecting KPIs, priority was given to indicators that assess the financial and management aspects as well as the customer service. Priority is given to economic and financial indicators and those of the water supply service.

The Regulatory Authority of the Water Supply and Wastewater Treatment and Disposal Sector (WRA) is an independent public institution, established by law no. 8102, dated 28.03.1996, on the "Regulatory Framework of the Sector of Water Supply and Wastewater Treatment and Disposal", as amended. In application of this law, the Water Regulatory Authority has been mandated to report about the situation in the sector and submit its recommendations regarding measures to be undertaken to improve this sector. The report on the performance of service providers and the sector in general is one of the ways to meet this legal obligation.

WSS sector monitoring and publication of the performance report, with information and analysis, creates an opportunity for all interested parties to assess the performance of every operator and see the situation and performance of the sector. The consumers can assess the performance of the company providing them the service and compare it with the performance of other companies. The companies themselves can assess their performance by comparing it with the performance of other companies operating in similar areas. Thus, they can see their strong and weak points; learn from the best management and operational efficiency practices. Local authorities, as owners of companies and also the Supervisory Councils, shall find information to assess the work of their companies, but also to make the needed decisions regarding those companies. The results of this performance analysis shall also be used by WRA in the process of licensing and assessment of the applications for license conditions and adjustment of tariffs, since fee adjustment depends on the achievement of objectives set by the WRA.

The information and the analysis of this report will help decision makers and donors in their efforts to improve the performance of WSS companies and the sector in general.

Publication of this report is the continuation of the monitoring process of the sector performance by the regulator. WRA wishes to urge all parties such as: companies, their owners, supervisor councils, consumers, the media and the decision makers to engage in a constructive dialogue regarding the current and future challenges of the sector.

WRA is responsible for the regulation of the water supply and sewerage service in the country. The report analyses only the performance of 58 WSS companies. Currently, apart from WSS companies, this service is also provided by other companies that are not licensed. WRA is working to orient its activity towards integrating these companies in the regulatory framework.

An important role in this assessment is played by the quality and accuracy of data. Apart from an indicator, the performance analysis presented in this report is based on the self-declared data from the companies, collected and processed by the Monitoring Unit in the Water Supply and Sewerage General Directory.

In 2013, failure of reporting, delays and inaccuracies of data were also seen at several companies. This experience brings again to the attention of WRA the need to intensify the work towards reporting, verification and accuracy of data submitted by the WSS companies, exercising where necessary the legal competences.

With GIZ support and also in collaboration with the main players in the sector, WRA has prepared the logistical infrastructure and is working on improving the quality of reported data. At the same time, we are also working to review the performance indicators, to widen the analysis about the sewerage service and wastewater treatment. These improvements shall be reflected in the 2014 Performance Report.

The report is structured in six parts where:
The first part presents in short the main activities and achievements of WRA during 2013.
The second part presents the general performance of the water supply and sewerage sector during 2013.
The third part, which is 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.
The third part precedes the fourth part of the report, where the ranking of companies is shown, based on the results achieved.
The fifth part of the report treats one of the most important sector problems: "Losses" analyzed according to Water Balance Sheets.
The report concludes with its sixth part where a summary of its main conclusions is presented.
In conclusion, there is a summary of annexes with detailed information on the WSS companies and the fees they apply.

1 WRA and its activities in 2013

The Water Regulatory Authority is the institution exercising two important functions entirely of its own in the water supply and sewerage sector: licensing of companies operating in this sector and the setting of service tariffs.

Special attention is paid by the Authority to the consumer and its protection. Year by year, WRA has urged the increase of transparency in the sector by determining fair procedures and has requested that operators consolidate their service to customers. Special importance has been devoted to the monitoring of the model contract implementation by all WSS companies.

One of the new practices in the tariff approval process is to involve the customer, as a significant stakeholder in this process, suggesting that the community/customer hearings are part of the process of setting tariffs by WSS operators. During 2013, the WRA has continued the process of monitoring the sector and WSS companies.

Publication of performance by the regulatory institution serves to evaluate comparatively the companies operating in this sector. This periodic report is an added value to the WSS performance, because it enhances transparency and leads to improved performance for each company, by promoting best practices that are identified by this report.

Licenses

In application of law no. 8102, dated 23.03.1996, as amended and the normative acts in its application, every subject, exercising its activity in the water supply and sewerage services, should be licensed by WRA.

In total, there are 58 WSS companies in the water supply and sewerage sector, of which 55 are licensed companies, providing water supply, and waste water disposal and treatment or one of these services.

In 2013, WRA was focused not only in the licensing process, but also in the improvement of the regulatory framework, approving by the end of 2013 the license terms as an integral part of the license. These terms constitute a set of rules regulating the activity of WSS companies in providing the service and sanction the main principles to provide the best service. License terms will be subject to monitoring by WRA.

Their monitoring will serve to assess the quality of service and improvement, but also to increase the accountability of WSS companies.

Intensification of work by the regulator and the awareness of companies to conduct their activities within the regulatory framework are also reflected in the number of applications to get the license.

Throughout 2013, 31 water and wastewater companies applied for a license or renewal of licenses. The licensing process has been completed for 26 companies and is ongoing for five other companies. By the end of 2013, two companies, namely WS Shkodër Fshat and WSS Malësi e Madhe, were merged into one single company based on the decision of the Council of Ministers no. 1094, dated 26.12.2013. Such a merger was also reflected in the company license.
For the first time during this year, the following companies have applied and been granted licenses: WS company Divjakë, Bradashesh Commune, WSS Libohovë and WSS Fushë-Krujë. The companies WS Delvinë, WS Vlorë, and WS Tepelenë have also added the service category of wastewater disposal, a service provided for many years from local government units of these towns. WSS Durrës and WSS Korçë have made the plants for treatment and processing of waste water operational and have been granted a license by WRA for this service.

Tariffs

WRA has defined the rules for application, consideration and approval of tariffs in the Methodology "On the Setting of Tariffs". For two years, WSS companies have applied for the approval of tariffs based on this methodology. The methodology establishes direct connections between tariff adjustment and the performance of companies to increase the efficiency in provision of services. Increase of tariffs is conditioned only for the companies achieving the objectives set by WRA for the key performance indicators. Mainly, the tariffs that are applied by the companies have been increasing, depending also on the level of their performance. In the last three years, the average tariffs for household consumers have been increased by 14% for the water supply service and 25% for the sewerage service in the entire country.
In 2013, 9 tariff approval applications were submitted to WRA:
WSS Korçë for approval of tariffs of water supply and waste water disposal and treatment services.
WSS Gjirokastër, WSS Ersekë, WSS Lezhë, WSS Sarandë, WSS Lushnjë, WSS Fier, WSS Berat-Kuçovë, WSS company Municipality Pukë, for adjustment of tariffs for water supply and wastewater disposal services.
WSS Tepelenë WSS Vlorë applied for approval of tariffs for waste water disposal services.
In application of the methodology, the tariff approval process for companies applying for the first time is made by an accelerated procedure by WRA.

The assessment of proposal for adjustment of tariffs for each application is made on the basis of the analysis of the current financial and economic situation, key performance indicators, their trends, company's aims, and the specific operating conditions. By means of the approved tariff structure for each of the companies, WRA has aimed at achieving the tariff policy objectives on O&M cost coverage. Coverage of costs cannot be achieved by only increasing the tariffs, but also based on the systematic attempts of companies to reduce the service costs and increase the technical and management efficiency. The up to date experience in approving the tariffs has shown that there is room for further improvement. Consumers should pay the costs for every service provided. An important role in this direction is played by the cost analysis according to cost centers and drafting of plans on asset management. WRA is working on drafting the relevant guides. In the future, WRA will request from WSS companies to support their application request for tariff adjustment based on this analysis.

For many consumers, service costs have greatly increased due to credits taken and new costs since the wastewater treatment plants were made operational. Although, there is room for further increases of tariffs, we should bear in mind the ratio between affording of tariffs by the consumers and reaching the financial independence and sustainability by the WSS companies. One part of these costs can be covered by tariffs, but total coverage may not be affordable by the customers and further increase of tariffs could bring negative social effects. WRA is ready to collaborate with all players in this issue to find a suitable subsidy mechanism to make possible the protection of consumers (people in need) and at the same time the functioning of the companies in a stable manner.

Consumers

The WRA mission is to ensure for all WSS sector customers in Albania a service with the best quality possible and a reasonable price. For this reason, consumer protection and provision of a qualitative service is the main focus of the work of WRA. The WRA realizes consumer protection and the improvement of quality of services through several instruments like: application of a model contract between the Companies and the Consumers; public hearings before the approval of new tariffs, and a tariff level affordable by people in need.
Application of the model contract, as the main means of regulating the Company-Customer relations, has been treated carefully by the Authority. In the monitoring of the model contract application process, special attention was especially paid to urging the companies to finish the conclusion of contracts within the deadline.

According to the obligation set by the Regulatory Authority until the end of 2013, all companies should conclude the model contract application with all their customers. Compared to a year ago, progress is made, but the objective of finishing the process has not been reached yet. In 2013, the model contract application was achieved at the level of 34% for household customers, which constitutes the best part of the customers. This figure reached 45% for private customers and the application reached the level of 81% for public customers. Since this process was not completed within the pre-set deadline, the Water Regulatory Authority is considering other alternatives to make the model contract applicable for all WSS customers in Albania. There are still 6 companies that have not started the contract application process, such as: Divjaka, Këlcyra, Puka Village, Rrogozhina and Rubiku.

Regarding transparency in the process of adjustment of tariffs, public hearings were held during 2013 as well. The WRA seeks to ensure that consumers are informed and have the opportunity to express their views in this process. WSS Korça and WSS Berat - Kuçovë organized a public hearing on tariff adjustment.

In addition, the WRA has made possible for the customers to address officially WRA for concerns or complaints related to the service they are provided by WSS companies. The Authority serves as a mediator in the dispute resolution process, in spite of the legal inability to take decisions on these cases.

Concerning the level of tariffs affordable by the customers, the Authority, in line with the Methodology "On the Setting of Tariffs", which follows the policy of the World Health Organization that says that the invoices of receiving drinking water should not pass the level of 5% of the income of the families in need, considers the request for tariff adjustment from companies taking into account this policy. On the other hand, during 2013, supported by active donors in the field, the Authority is working to assess a subsidy scheme to support the families in need, not worsening the financial situation of companies.

Further on, the report will bring concisely to the attention of the reader (policymakers, consumer, owners and service providers) the manner how the water supply and sewerage companies have performed and how the water supply and wastewater treatment and disposal has been provided to the consumers.


2 Performance in the Water Supply and Sewerage Sector during 2013

This part of the report gives a general overview of the main development in the WSS sector during 2013, how the strategic objectives were achieved in 2011-2017 and those set by the Regulatory Authority.

Main developments

The Water Regulatory Authority, during 2013 as well, has made its maximum attempts so that the service provided to the consumers by licensed companies is more qualitative.
Water supply and sewerage service during 2013 was provided by 58 companies. Out of 58, 32 companies provide the service of water supply and sewerage, whereas 26 companies only provide the water supply service.
WSS service sector functions mainly through companies organized as joint-stock companies with local government as the owner, in the administrative area of which the companies provide the aforementioned service.
In application of a decision of the Council of Ministers no. 660, dated 19.09.2007, "On the transfer of shares of local government water supply and sewerage companies", 47 WSS service companies were transferred under the responsibility of their respective local government units. Problems associated with this process caused the prolongation of time for the effective transfer of all companies to the local government units. Until now, only the companies "WS Rubik" and "WS Gjirokaster Village" have not yet completed the transfer process.

Out of 58 companies in the sector, only 32 of them provide both services (water supply and sewerage). This means that the sewerage service is provided by local government units through sectors, which are part of the internal municipality structure.
This fragmentation of services does not serve to the quality of service and the financial sustainability of water supply companies. For these reasons, in the beginning of 2013, WRA requested from the above local government units to realize the merger of these two services and their provision by the water supply companies operating in the administrative territory of the local government unit. Until now 5 local government units, Municipality Orikum, Peshkopi, Delvinë, Vlorë and Bilisht, by means of the relevant decision-making in the municipality councils, transferred the sewerage service to the water supply companies in the area. Municipality Tepelenë is added to these municipalities, which has transferred this service to the water supply company by the end of 2012. Meanwhile Municipality Patos and Përmet are in the process of merging these two services.

It is seen that the administration and the representatives of municipalities does not know the legal framework in force and the obligation for a licensed and standardized service. Local government units are limited to the legal obligation to provide the water supply and sewerage service, ignoring the entire legal framework in this direction, which provides for the ways how these services are provided and the licensing obligations of the activity, and the approval of tariffs for the respective services.
In several cases, there is a lack of desire to merge these services, because passing of service of sewerage to the companies is considered as a removal of their competences. In some other cases, the water supply companies have financial problems and the merger of services could result in the accumulation of problems.
For the population outside the areas of jurisdiction of companies, the service is provided by sectors operating within the local government units, the municipalities and communes that are not licensed by WRA.
In November 2013, the Water Regulatory Authority started a national study on all uncovered areas with licensed water supply service. These areas include mainly small local government units (132 communes and 3 municipalities), which provided themselves the water supply and sewerage services in their jurisdictional area. More specifically, this study includes the accurate identification of uncovered areas with licensed services, the collection, elaboration and the analysis of a series of managerial, technical and financial data regarding the services they provide. The results of the study to be finished within 2014 will serve to draw concrete conclusions and recommendations for the regulation of the water supply and sewerage services provided in these areas.
As a result of the problems in this sector, the Authority will continue treating this issue with the same intensity during 2014 as well.

In the water supply and sewerage sector, investments for the rehabilitation of the water supply and sewerage systems or the construction of new systems are being carried out. An important place is taken by the investments for the construction of waste water treatment plants.
The main investment source remains the funds allocated by the state budget and the credits and grants by foreign donors. The maintenance of these investments and the payment of the credit costs for many companies take up an important place in the total cost, therefore the provision of financial means for their coverage takes on special importance.
The main source of income for companies is the income coming from their main activity and other services they provide to consumers.
During 2013, the government has accorded subsidies, but compared to the previous year they are reduced. This is a signal that companies should achieve their economic independence and realize the income to cope with their expenses.

General performance of the sector

In general, 2013 brings improvements in key performance indicators of the sector. The following table gives in detail the data for the last three years of the key performance indicators for the entire sector and their tendency compared to 2012, with the objectives presented in the national strategy of the sector in 2013 and the level of good performance objectives set by the WRA.

Performance Indicators	2011	2012	2013	Performance Trend	WRA good performance objectives	Sector strategic objectives for 2013
Water coverage (%)	80.8%	80,8	80.8%	=	n/a	n/a
Sewerage coverage (%)	50.8%	51	51.0%	=	75%	n/a
Drinking water quality	n/a	n/a	n/a	n/a	98%	n/a
Hours of Supply (hour/day)	10.9	10.8	11.5	↗	18	14
Total cost coverage (%)	79.4%	82.7	84.6%	↗	80%	72%
O&M cost coverage (%)	105.2%	106.3	113.8%	↗	100%	100%
Collection rate (%)	79.9%	90.9	82.0%	↘	82%	90%
Staff efficiency (staff/1000 connections)	9.3	9.3	9.5	↘	4/6/10	n/a
Non-revenue water (%)	63.5%	67.1	67.4%	↘	30%	54%
Metering ratio (%)	50.6%	55.1	59.0%	↗	85%	60%

Table 1. Summary of performance of water supply and sewerage sector in 2013
Data source: WRA

In 2013, apart from drinking water and sewerage coverage that has remained at the same levels and the collection rate and non-revenue water that are considerably worse than in 2012, all other performance indicators have marked a slight increase. Amongst the indicators with the best performance during 2013 is the O&M cost coverage, which has reached the level 113%.

Water supply service is provided to approximately 81% of the population living in the jurisdictional area of companies, where sewerage service is provided to 51.0% of this population. The strategic objective for the coverage with these services is not detailed in years. Until the end of 2017, we aim to provide every inhabitant with this service. On the other hand, the government objectives have always had in the focus the drinking water coverage for 24 hours for the coastal areas and the tourist areas. For the last three years in a row, there were no changes in this direction; the companies cover the same population with the respective services. The fact is that the population living in the urban areas has more access to these services than the population living in rural areas.
Sewerage service is mainly provided to the population living in urban areas of the country, and rural areas population does not almost have this service. The sewerage service continues to lag behind compared to water supply in many aspects. However, the data shows that in 2013 this service had a positive trend. The number of companies providing both services to the customers has increased, from 28 companies in 2012 to 32 at the end of 2013. The sewerage service quality and protection of the environment is improved as a result of the starting of operation of 5 wastewater treatment plants (at the end of 2012 there were only 4 of them). Meanwhile, other plants are being projected and constructed. Continuous attempts are needed to improve the waste water disposal and treatment service for a big part of the country, both regarding service coverage and the required level of service.

1 2013 total cost coverage indicator takes into consideration other income as well, such as: new connections, service fees, reconnections, etc.

2 This indicator, as well, has been recalculated taking into account the same other income as it is said at the total cost coverage. .

O&M cost coverage and the total costs of the sector are indicators with good results and their tendency has been positive. The number of companies managing to cover up to 100% of the O&M costs has increased. This has caused the sector to surpass the good performance objectives set by WRA in O&M cost coverage. Generally, this result was reached by big companies, whereas smaller companies are still far from total cost coverage. For some of them, the income is not sufficient to cover even half of the service costs. An opportunity to overcome this situation by these companies would be their merger with big companies.
The level of cost coverage with income from the activity has had progress in the last three months. The ratio between income and expenses has been improved. The increase of tariffs for 13 companies in 2012 and 10 companies in 2013 has influenced the increase of income but on the other hand the companies have tried to keep the level of expenses under control.

However, although the results of covering costs with income are good, we cannot say the same for the collection rate as the main indicator related to the financial independence and sustainability of companies. Up to 2012, this indicator has had a positive tendency; meanwhile in 2013 the income collection was reduced. The sector could not collect more than 82% of the income realized, compared to 90% that was in 2012. In 2013 this indicator has reached the level of good performance objective set by the WRA, but not the government's strategic objective.
For the best part of the companies, the collection rate for 2013 has decreased compared to one year ago. In essence, the collected rate is a managerial aspect and the increased level for this indicator expresses clearly the work of the companies. This situation should be overcome, in spite of objective and subjective reasons.

An indicator receiving positive assessment is the metering ratio. The performance of this indicator for the sector has generally been positive. The level of this indicator has increased from year to year. In 2013, 59% of the consumers in the sector have been provided with a water meter. Compared to 2012 the metering ratio has increased by 9%. The level of measuring the production, distribution and consumption helps the companies to operate with accurate data regarding the quantity produced, invoiced and the income generated by this invoicing. However, the level of this indicator is close to 60% of the national strategy objective for this sector. It is far from the level of 85% of the good performance objective set by the WRA. For WRA, the elimination of flat rate billing that momentarily remains at high levels and application of meter installations for the consumer and production should be at the focus of the companies' work.

This practice shall also help in the improvement of the indicator "non-revenue water", which, differently from the above indicator, remains at unacceptable levels for an effective management of the company and increase of the service quality. The tendency of this indicator remains a problem, which even though was increased compared to the last two years, it was a modest increase. The majority of produced water, 67.4% does not generate income. Even though the control and reduction of losses requires time and investments, WRA has stressed continually that reduction of losses should be a priority in the work of companies.
During 2013, WRA has worked to get more information not only about the "lost" water quantity, but also about the type of losses. For this reason, it has requested from the companies to fill in the "water balance sheet" as a form giving detailed data regarding the quantity of water produced, invoiced, the level of losses and the causes. The analysis of this data shall serve to the Authority and the companies for the assessment of the situation and scheduling of measures to be taken for its improvement. WRA will continue this practice, which started in 2013. In the future, the reported data will be subject to inspection and verification, especially in those companies where inaccuracies and discrepancies with reports are noticed.

Staff efficiency is an indicator, which didn't have any considerable changes; however, its tendency has not been positive. The average number of employees per 1000 connections in the sector has increased from 9.3 in 2012 to 9.5 in 2013. The level of this indicator is high if we compare it with that of the regional countries. However, there are companies where staff efficiency is at contemporary levels. These companies are few in number. For the best part of companies, staff efficiency is low. More problematic the situation is in those companies where, although they have a low level of O&M cost coverage, in 2013 they have increased without any reasonable cause the number of employees. Since the expenses for salaries and insurance take up an important place in the total of company expenses, more attention is required by the companies to improve this indicator (reduction of the number of employees per 1000 connections).

The continuity of the service and quality of drinking water are the main indicators to assess the quality of service to customers. The average of supply hours for 2013 is 11.5 hours a day. Compared to one year ago, it has increased by 0.7 hours, but compared to the good performance levels determined by WRA and the strategy objective for this indicator, this result is not satisfactory. The majority of the customers is not supplied uninterruptedly with drinking water. Only WSS Korçë, WSS Pogradec and WSS Librazhd are supplying uninterruptedly their customers with drinking water. The lack of continuous supply, in spite of the causes, has also an impact on the water quality.

The quality of drinking water is continually controlled by the Public Health Institute, which is the responsible institution for its monitoring. The assessment of drinking water quality by the Public Health Institute (PHI) is mainly done based on the number of polluted areas measured in urban areas and the levels of residual chlorine and coliform. Meanwhile the companies themselves report the data on drinking water quality every month to WSSGD.

Even though WRA is not the direct responsible institution for the monitoring of drinking water quality, it considers this one of the main indicators to fulfill its mandate regarding consumer protection. For this reason, collaboration with drinking water responsible institutions has been strengthened during 2013. WRA has found that there is room for improvement regarding inaccuracies related to current monitoring procedures and quality of data for the assessment of drinking water quality. In this framework, WRA with GIZ support, in collaboration with the Public Health Institute and the Ministry of Health has done an assessment of the national standards on the drinking water and sewerage service quality, their monitoring procedures and the conditions and staff to ensure a drinking water quality within national standards. After the assessment was made, the conclusion reached is that: (i) there are changes in the monitoring of drinking water standards by the WSS companies and the Public Health Institute; (ii) the WSSGD data is based on the self-declaration by the companies (at a time that only 10 of the companies have laboratories and assess the quality of water only in production), at a time that the Public Health Institute verifies twice a day the chlorine and once a day the coliform at the distribution networks according to determined points; (iii) a considerable difference in the drinking water quality results where the Public Health Institute assesses that only 4 companies have a security norm for the residual chlorine above 95% at a time that for the WSSGD there are only 47 companies within this security norm. Regarding the security norm of coliform, the Public Health Institute assesses 39 companies with a level above 95%, whereas WSSGD 47 companies. This analysis shows the urgent need to strengthen the procedures that guarantee a drinking water quality within national standards. A detailed report regarding concrete measures to be undertaken shall be discussed and distributed with companies during 2014.

3 Water Supply and Sewerage Companies Performance Analysis

This part of the report analyses and assesses the individual performance of water supply and sewerage companies for 2013 as well as their performance since 2011. The methodology used for assessment is based on the 10 key performance indicators. Further on, each of them has been summarily described.

Key performance indicators

The monitoring and the comparative assessment of the performance of water supply and sewerage companies is based on 10 key performance indicators approved by the National Regulatory Commission. The most important work directions of the companies have been analyzed and assessed by means of these indicators, giving us a comprehensive view for the level of services provided. These indicators are:

KPI	Description
1 – O&M cost coverage	The part of maintenance and operational costs (without the depreciation and capital costs) that is covered by income.
2 – Total cost coverage	The part of total costs for services provided that are covered from the company income.
3 – Collection rate	The ratio between the collected income and the amount invoiced to the customers.
4 – Staff efficiency	Number of company staff serving to each 1000 connections.
5 – Non-revenue water	The part of produced water not invoiced to the customers.
6 – Metering ratio	The part of connections with meters (number of customers) as a percentage towards the general number of connections (customers).
7 – Supply hours	Average hours of water supply in a day.
8 – Drinking water quality	The part of the water quality tests, which meet the bacteriological standards (coliform) and the residual chlorine.
9 – Sewerage coverage	The part of the population within the service area of a company, provided with sewerage services, but not necessarily with wastewater treatment.
10 – Regulatory perception	It is the company's performance assessment in accordance with the regulatory framework.

Table 2. Overview of key performance indicators 2013

Given the WRA objective to have a financial viable sector, which provides the best possible quality services to customers, performance indicators estimating each company and the sector in general are selected such as to assess the economic situation of companies, the current management capacities and the service performance for consumers. In this meaning, we initially analyzed the levels reached by companies, identifying the best performers and the best practices in the country.

The level of performance indicators highlights the effects of domestic factors as the improvement of management, but also the impact of external factors such as investments from the central government, donor grants, etc. The levels of achievement of indicators such as the level of measurement or sewerage service coverage does not depend solely on the work of service providers, because capital investments are required to increase their level. But many other indicators as the rate of collection, staff efficiency, non-revenue water and the cost recovery depend directly on the work of companies. The internal efforts of companies play an important role in their improvement.

The regulatory perception is another indicator of analysis, through which the collaboration of companies in the regulatory process is estimated, supporting WRA efforts to create a sustainable and transparent regulatory environment.

Performance analysis: groups of companies

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

	Size of company (number of connections)	Number of companies in a group
Group 1	> 15,000 water supply connections	11
Group 2	3,000 - 15,000 water supply connections	18
Group 2	< 3,000 lidhje water supply connections	29[3]

Table 3. Group of companies

Shënim: WSS Himarë, WS Novoselë, WS Bradashesh have not reported any data. The number of companies analyzed in this group is 26.

The following table reflects the division of 58 companies according to their groups.

Service	Company	No of consumer connections (water supply)
GRUPI 1		
WSS	Tiranë	176 122
WSS	Durrës	73 044
WSS	Vlorë	41 268
WSS	Elber sh.p k	30 229
WSS	Fier	28 404
WSS	Shkodër	27 165
WSS	Berat - Kuçovë	25 037
WSS	Kavajë	22 953
WSS	Korçë	20 832
WS	Elbasan Fshat	17 330
WSS	Sarandë	16 218
GRUPI 2		
WSS	Pogradec	14 106
WSS	Lushnjë	10 716
WSS	Gjirokastër	9 238
WSS	Lezhë	7 478
WS	Korçë Fshat	5 988
WS	Lushnjë Fshat	5 835
WS	Kurbin	5 742
WSS	Kukës	4 973
WSS	Librazhd	4 780
WS	Patos	4 652
WSS	Rrogozhinë	4 128
WSS	Burrel	4 080
WSS	Mallakastër	4 012
WS	Gramsh	3 949
WSS	Krujë	3 574
WSS	Tepelenë	3 537
WSS	Peshkopi	3 426
WS	Përmet	3 287
WSS	Peqin	2 884
WSS	Himarë	2 807
WS	Divjakë	2 786
WS	Ura Vajgurore	2 710
WS	Bulqizë	2 684
WS	Bilisht	2 546
WSS	Delvinë	2 366
WS	Novoselë	2 314
WS	Shkodër Fshat	2 287
WSS	Fushë Krujë	2 150
WS	Malsi e Madhe	2 093
WS	Orikum	1 898
WS	Çorovodë	1 761
WSS	Ersekë	1 664
WS	Polican	1 600
WS	Tropojë	1 516
WS	Selenicë	1 506
WS	Has	1 361
WSS	Mirditë	1 200
WSS	Bashkia Pukë	1 117
WS	Këlcyrë	1 002
WS	Vau i Dejës	911
WSS	Libohovë	783
WSS	Fushë Arrëz	560
WSS	Rubik	534
WSS	Pukë Fshat	523
WSS	Krastë	413
WS	Gjirokastër Fshat	132
WS	Bradashesh	1

Table 4. Division of companies in three groups
Data source: WRA

Performance analysis related to the objectives set by the WRA

In function of the analysis for each of KPIs, WRA has defined the targeted objectives (to be achieved by WSS companies) for the assessment of performance. In the performance analysis charts for every indicator, the white line shows the level of the targeted objective to achieve a good performance; everything below the red line shows poor performance. The segment between two lines is considered "acceptable" performance, which shows on one hand the attempts made by the companies and on the other hand the necessity for further improvement. Table 5 shows the minimal and maximal limits defined for each KPI, whereas chart 1 below is an example of the KPI analytical charts.

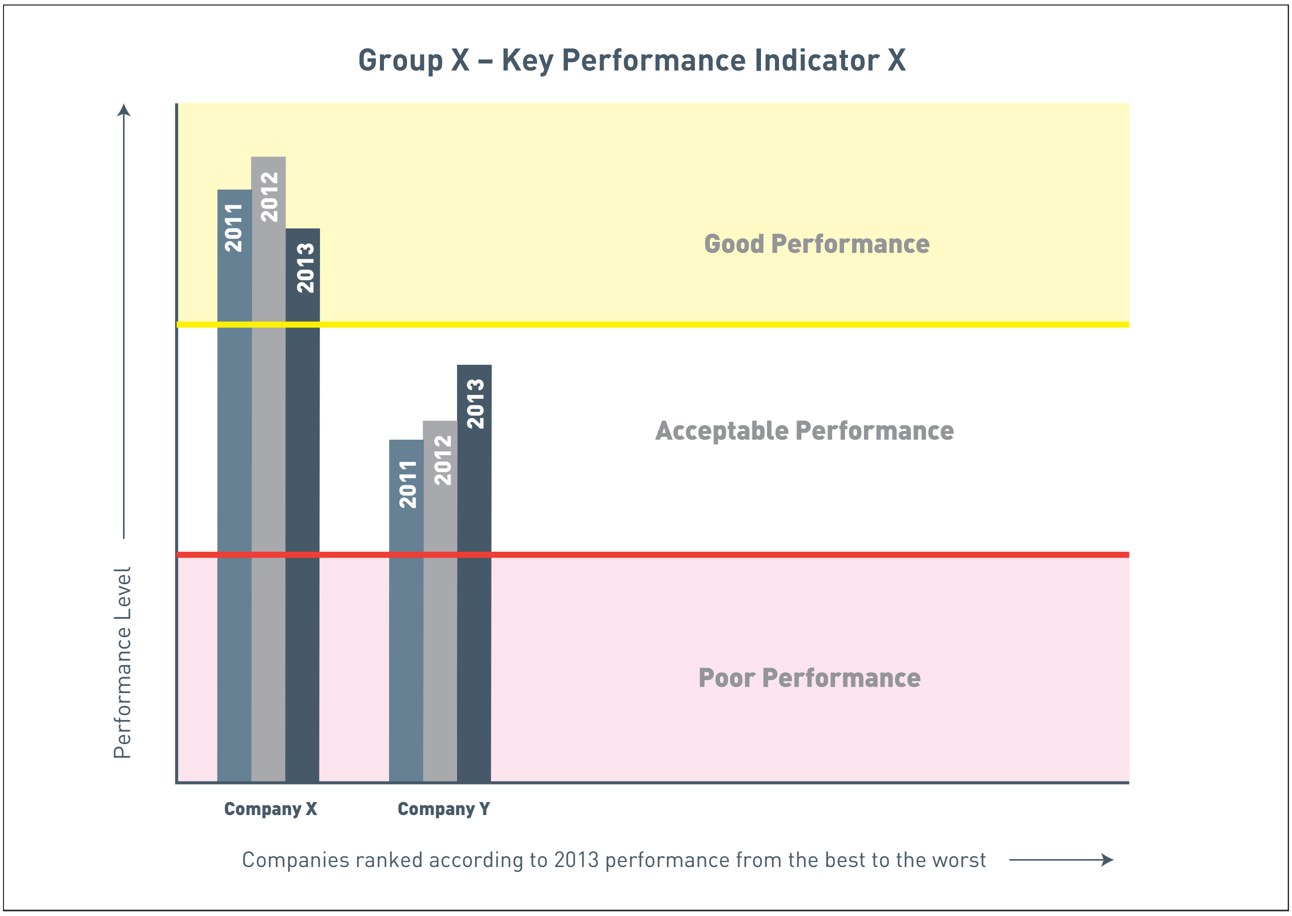


Figure 1: Example of Charts of KPI Analysis

4. For KPIs, the benchmarking objective is higher for smaller companies, taking into account the fact that for big companies (which usually provide services to areas with bigger population density) is easier to keep the number of staff per 1000 connections lower.

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 company staff serving to every 1000 connections)	Group 1	≤ 4	4 - 6	≥ 6
	Group 2	≤ 6	6 - 10	≥ 10
	Gruop 3	≤ 10	10 - 15	≥ 15
5 – Non-revenue water		≤ 30%	30 - 50%	≥ 50%
6 – Metering ratio		≥ 85%	n/a	<85
7 – Supply hours		≥18 hours/days	8-18 hours/days	≤ 8 hours/days
8 – Drinking water quality		≥ 95%	90 - 95%	≤ 90%
9 – Sewerage coverage		≥ 75%	50 - 75%	≤ 50%
10 – Regulator's Perception		n/a	n/a	n/a

Tabela 5. Analiza e Objektivave të vendosur për treguesit kryesorë të performancës

Ranking of Water Supply and Sewerage Companies

This part estimates the general performance of each of the companies based on the assessment of 8 from 10 KPIs. To make the comparison of water supply and sewerage utilities, their ranking is based on the total amount of points collected from the detailed analysis for each KPI.
Every indicator has been given a specific weight and the points given reflect the company performance against the levels of objectives set by the WRA.

The performance equal to or above the targeted level as set by WRA is given the maximum point. For the majority of indicators, where the performance is under the targeted objective for good performance, the company is evaluated only for a part of the determined points. For indicators like staff efficiency, non-revenue water, collection rate and drinking water quality, the weak performance is penalized seriously by giving no points. In this case, the evaluation by points is made if the current performance is within the limits of an acceptable performance.

3.1 Operational and Maintenance Cost Coverage

The indicator "O&M cost coverage" is one of the key indicators making possible the assessment of the financial situation of a company. This indicator shows up to what level the company can cover with income from its activity the direct costs needed for the functioning of the system and the maintenance of infrastructure (without depreciation). In 2013, the average level of this indicator for the entire WSS sector is 113.8%. The sector has surpassed the strategic objective of the government and the objective level set by WRA for good performance regarding this indicator since 2011, when the sector average in covering these costs reached the level 100.6%. In the last three years, the sector has made progress in covering these costs. Compared to 2011, O&M cost coverage in 2013 has increased 11.7%, whereas compared to a year ago the increase is 7.1%.

First group of companies

The above results show that the majority of companies from this group have managed to cover entirely the operational and maintenance costs (O&M). In the first group, the objective level targeted for good performance set by WRA has been surpassed by 7 companies, WSS Tiranë, WSS Korçë, WSS Berat-Kuçovë, Elber SHPK, WSS Fier, WSS Shkodër and WSS Sarandë.
For 2013, the company with the best performance in the first group is WSS Tiranë where the O&M cost coverage is at the level of 181.1%, whereas the company with the poorest performance is WS Elbasan Fshat, where the O&M cost coverage is 65.1%. WSS Durrës continues to be on the threshold of poor performance, below the red line with 67.1% of O&M cost coverage. The results achieved by covering O&M costs from WSS Vlorë 97% and WSS Kavajë 94.2% have ranked these companies on the line of acceptable performance.

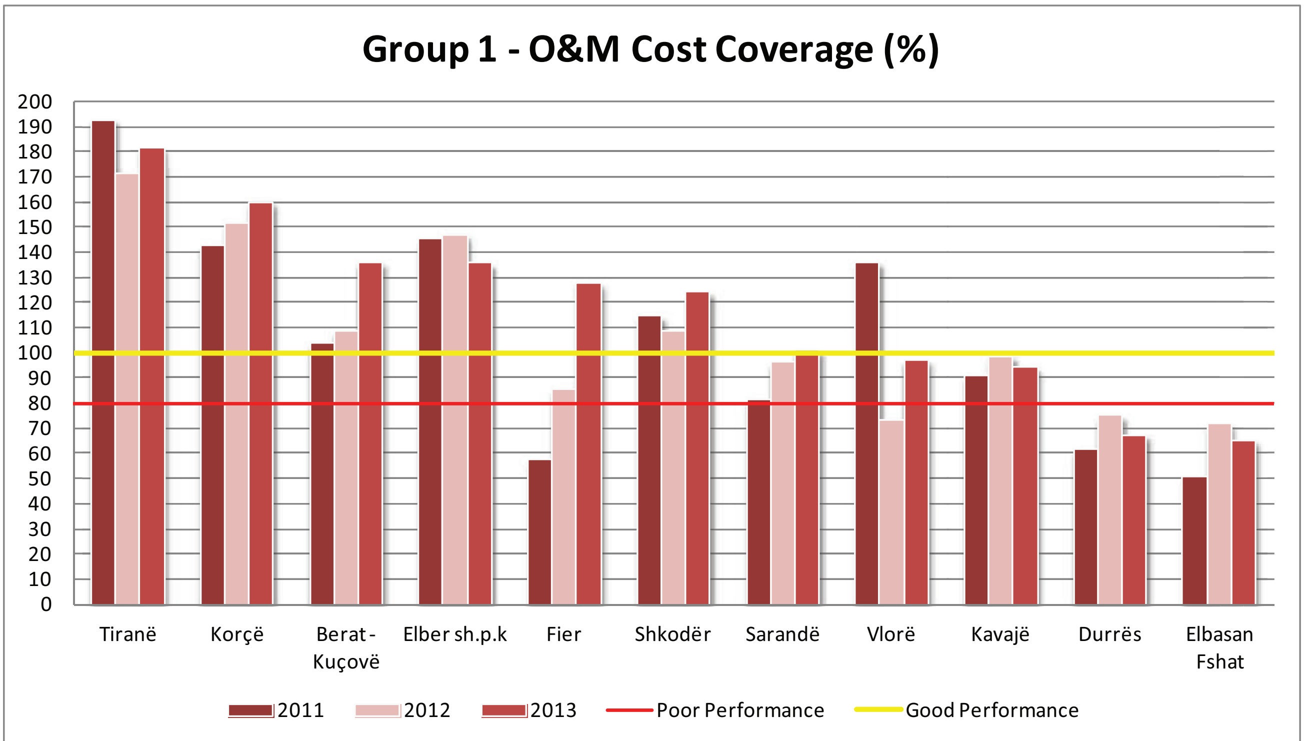


Figure 2. O&M cost coverage for group 1 in 2013

The comparison of levels achieved in the O&M cost coverage in 2013 with one year before shows that the tendency of this indicator has generally been positive. For 7 out of 11 companies of this group, the operation and maintenance cost coverage level has increased. The biggest progress has been made by WSS Fier with (42.4%). Considerable improvement for this indicator was made by WSS Berat Kuçovë with 27.4% and WSS Vlorë with 24.2%. Progress has also been made by WSS Shkodër with 15.3%, WSS Tiranë with 10%, WSS Korçë with 8.1% and WSS Sarandë with 5%.
O&M cost coverage from income has been aggravated for WSS Elber that records also the biggest decreasing tendency (-11.2%) followed by WSS Durrës (-7.8%), WS Elbasan Fshat (-6.3%) and WSS Kavajë (-4.2%).
The positive results achieved by the companies of this group for 2013, both regarding the operation and maintenance cost coverage and the progress of this indicator, is a result of improvement of the ratio between income and expenses. The companies that were careful in keeping under control the level of expenses and on the other hand, increasing the level of income as a result of increasing the level of invoicing, have achieved the most positive results.

Second group of companies:

In 2013, the number of companies, distinguished for good performance in O&M cost coverage for this group, was increased compared to 2012. From 6 companies covering 100% of O&M costs in 2012, WSS Gjirokastër, WSS Pogradec, WS Peshkopi, WSS Librazhd, WS Gramsh and WSS Krujë, in 2013 coverage of these costs has been also achieved from two other companies: WSS Lezhë and WSS Burrel.

The best level for this indicator was reached by WSS Pogradec with 180.1%. WSS Patos continues to be the company with the poorest performance for this year as well. The level of O&M cost coverage with income from the activity is only 25.6%. Seven other companies are ranked below the threshold of poor performance 80%, namely: WS Tepelenë with 70.0%, WS Lushnjë Fshat with 55.7%, WSS Rrogozhinë with 55.3%, WS Kurbin with 51.2%, WSS Mallakastër with 43.6% and WS Korçë Fshat with 40.6%.

For 2013, WSS Pogradec stands out in this group not only for the best level achieved in O&M cost coverage but also for the best progress. Improvement of this indicator is 50.5% compared to one year ago. WSS Pogradec is a positive experience in the management of activity and service performance and also in the application of the tariff system in blocks, which has made possible the increase of income. Since 2011, WSS Pogradec applies tariffs in two parts, a fixed tariff and a variable tariff with two blocks for all consumer categories

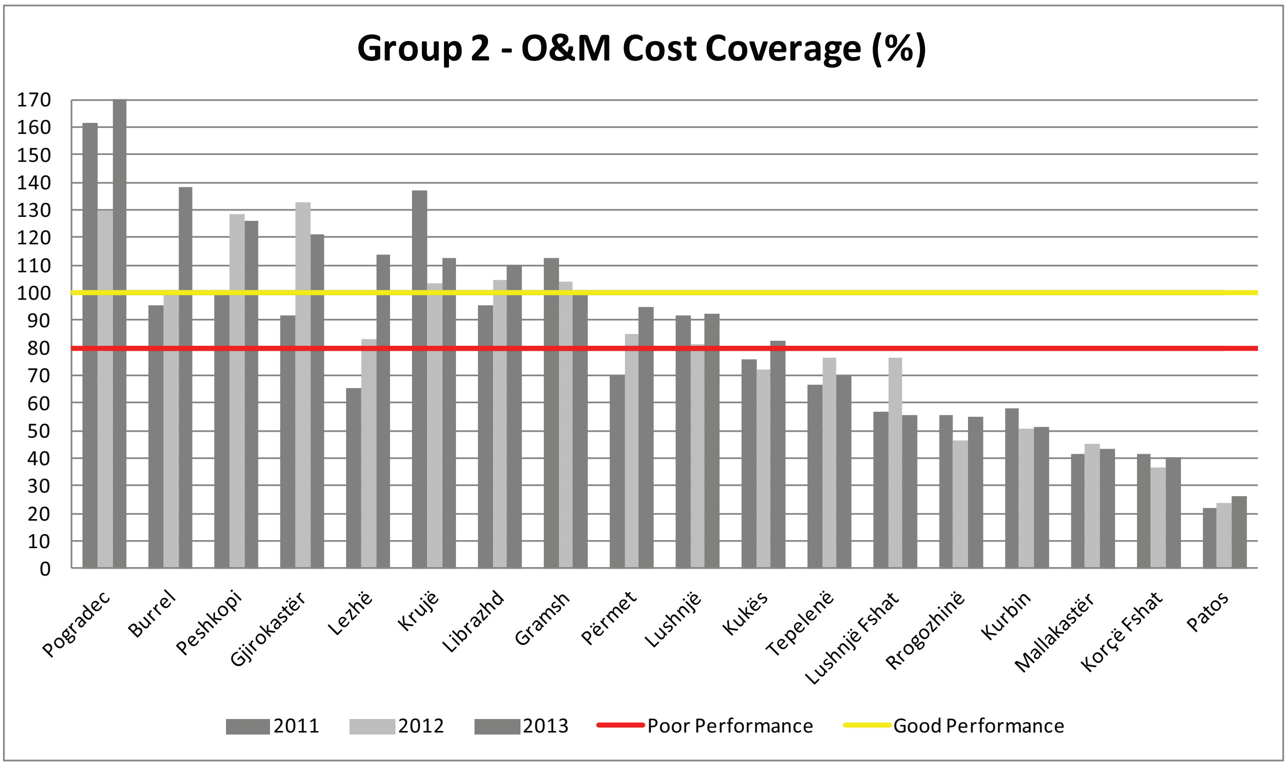


Figure 3. O&M cost coverage for group 2 in 2013

Also, good improvement in O&M cost coverage, compared to one year ago, is also achieved by the following companies WSS Burrel with 38.7%, WSS Lezhë with 30.6%. Companies WSS Krujë, WSS Librazhd, WSS Përmet, WSS Lushnje, WSS Kukës, WSS Rrogozhinë, WS Korcë Fshat and WS Patos also made progress with this indicator. The increase of the level of O&M cost coverage with income from the activity for these companies varies from 2%-10%. These companies have made constant attempts to improve their financial situation.

A negative tendency, this indicator had for the company WS Lushnje Fshat, which had the biggest decrease in O&M cost coverage with (-20.7.8%), WSS Gjirokastër with (-11.5%), WSS Tepelenë with (-6.5%), WSS Peshkopi with (-2.1%), WSS Mallakastër with (-1.83%) and WSS Gramsh with (-3.2%).

Third group of companies:

In this group, the level of the objective set by WRA for a good performance to cover entirely the O&M costs is achieved only by three companies: WS Malësi e Madhe, WSS Ersekë and WS Delvinë.
Out of 26 companies analyzed in this group, 20 of them are ranked under the red line, thus in the poor performance area. The results show that 11 companies do not manage to cover even 50% of the O&M costs. The best performance for this indicator has been reached from the company WS Malësi e Madhe with 161.9%, and the company with the poorest performance is WS Gjirokastër Fshat, which covers only 24.2% of the operational and maintenance costs.
Although the O&M cost coverage level for the best part of the companies of this group is not good, compared to a year ago this indicator is positive for 21 out of 26 analyzed companies. The level of coverage of these costs with the income realized by the activity has been increasing. The biggest increase is made from WS Ura Vajgurore with 34.7%. Amongst five companies that have a worse indicator, WS Malësie e Madhe has registered the biggest decrease with (- 22.5%) of the level of O&M cost coverage. However, this company covers the operational and maintenance expenses with its income.

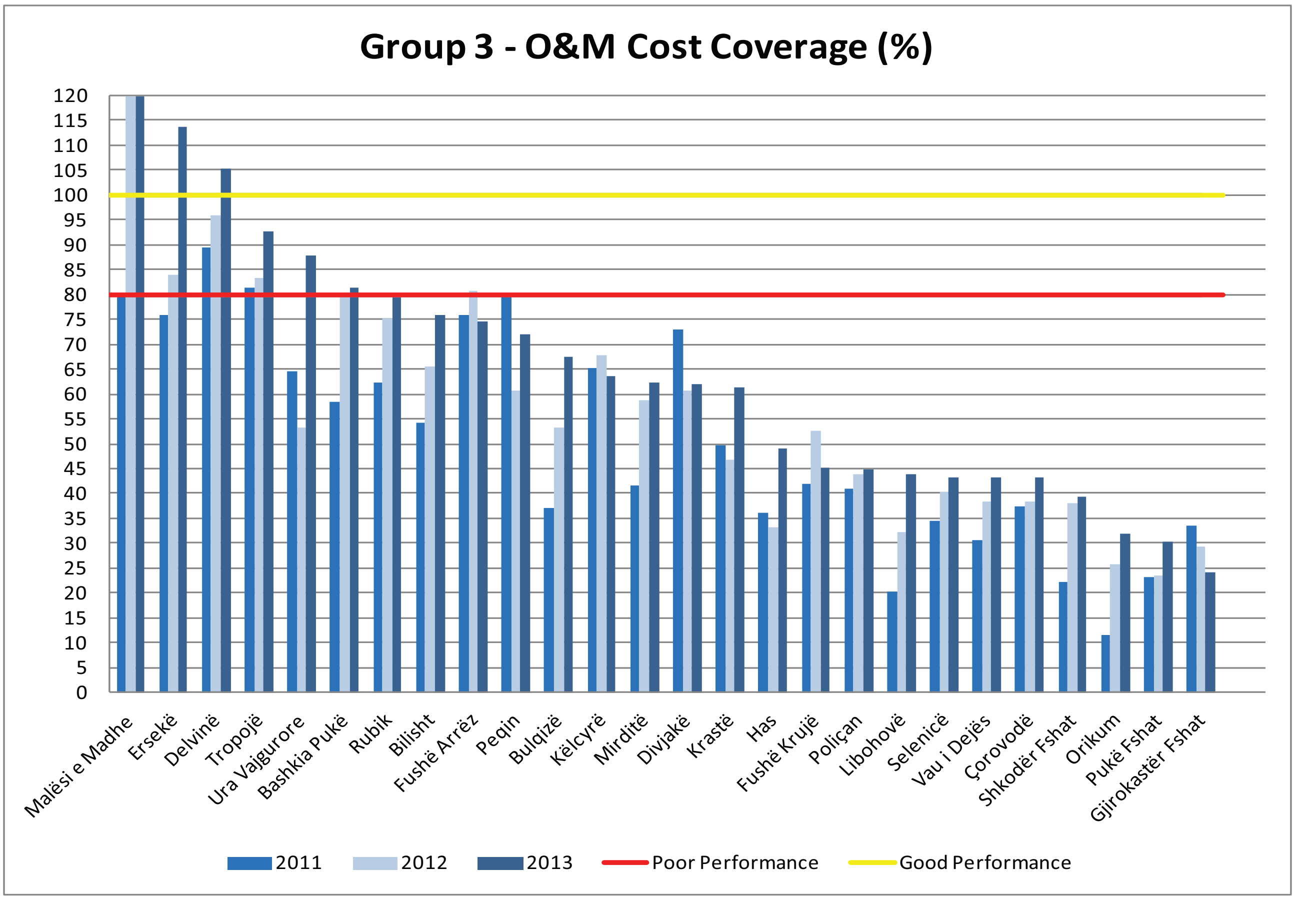


Figura 4. Mbulimi i kostove O&M për grupin 3 në vitin 2013

The above analysis results show that the situation during these three years has changed for this group. Compared to 2011, the companies in this group have improved the O&M cost coverage with their income. In 2011, no company from this group has managed to be evaluated for good performance and only three companies had managed to reach an acceptable level of performance.
In 2013, the level of the objective set by WRA for good performance was reached by three companies, and three others are ranked in the area of acceptable performance. Compared to 2011, for 15 other companies this indicator has shown progress. O&M cost coverage is deteriorated only for four companies: WSS Divjakë with (-10.8%), WS Gjirokastër Fshat with (- 9.2%), WSS Fushë Arrëz with (-1.2%) and WS Këlcyrë with (-1.6%). This deterioration is mainly a result of the low level of income.

Conclusions

Based on the analysis of this indicator for three groups of companies, it results that WSS companies have made attempts to increase the level of O&M cost coverage. However, 29 companies manage to cover with their income less than 80% of the O&M costs, ranking in the limits of acceptable performance. More problematic is the situation with 15 of these companies that cover less than 50% of the O&M costs with their income. The continuity of their activity is supported by state budget subsidies. Although these companies have reached the level of income, it is seen that many components like energy costs and expenses for staff taking the majority of the weight in the total of O&M costs, have increased. The frequent subsidy for payment of debts created by companies is not the solution to the problem.

Establishing a better ratio between expenditure and income requires companies to work on how to increase revenue and reduce service costs. Operators should consider all options to increase operational efficiency related to billing and revenue collection and controlling costs.
To identify the points of departure for better efficiency, it is necessary to analyze particular indicators like: non-revenue water, metering ration, staff efficiency and energy efficiency. Reduction of losses, reduction of excessive staff and increase of efficiency at work means reduction of ineffective expenses. On the other hand, the increase of the billing and collection rate play an important role in the improvement of O&M cost coverage.
WRA considers the complete coverage of O&M costs by the companies as a first step toward full coverage of the costs in the future. Adjustment of tariffs plays an important role in the level of income of companies and consequently in the cost coverage. Setting fair tariffs requires the cost analysis of any provided service. For the WRA, division of expenses according to cost centers takes on special importance in the conditions when together with tariffs for water supply and sewerage services, it should also approve for some companies the tariffs for wastewater treatment service.
In application of the Methodology "On the Setting of Tariffs", the approval of the increase of tariffs is conditioned with the improvement of key performance indicators. Thus, WRA supports and stimulates those companies that attempt to improve the operational efficiency and the service towards customers.

3.2 Total Cost Coverage

Total cost coverage with income realized from the main activity and from other services is the main objective of any company. For 2013, the average level of this indicator for the entire sector is 84%. This indicator during the last three years has had positive performance. Year after year, the total cost coverage level for WSS services has been increasing. During 2013 the total cost coverage level compared to 2011 has increased by 4.6%. The level reached for this indicator and its tendency show that water supply and sewerage sector has been gradually increasing the total cost coverage in compliance with the government's strategic objective. In 2013, the strategic objective (70%) and the objective aimed at by WRA (80%) for this indicator have been surpassed, which shows an even more positive development.

First group of companies:

As it is seen from the above chart, the level of total cost coverage for the companies in the first group is different. In 2013, the limit of the objective set by WRA for good performance (80%) is surpassed by six companies: WSS Tirana (127.3%), WSS Shkodër (106.2%), WSS Fier (99.3%), Elber shpk (98.5%), WSS Berat - Kuçovë (91.3%) and WSS Korçë (86%). There are four companies in the area of acceptable performance: WSS Durrës (62%), WSS Vlorë (61.3%) and WSS Elbasan Fshat and Sarandë (61.1%). Only WSS Kavajë continues to be ranked at the end of the group for very poor financial performance, with only 46.6% of the total cost coverage.

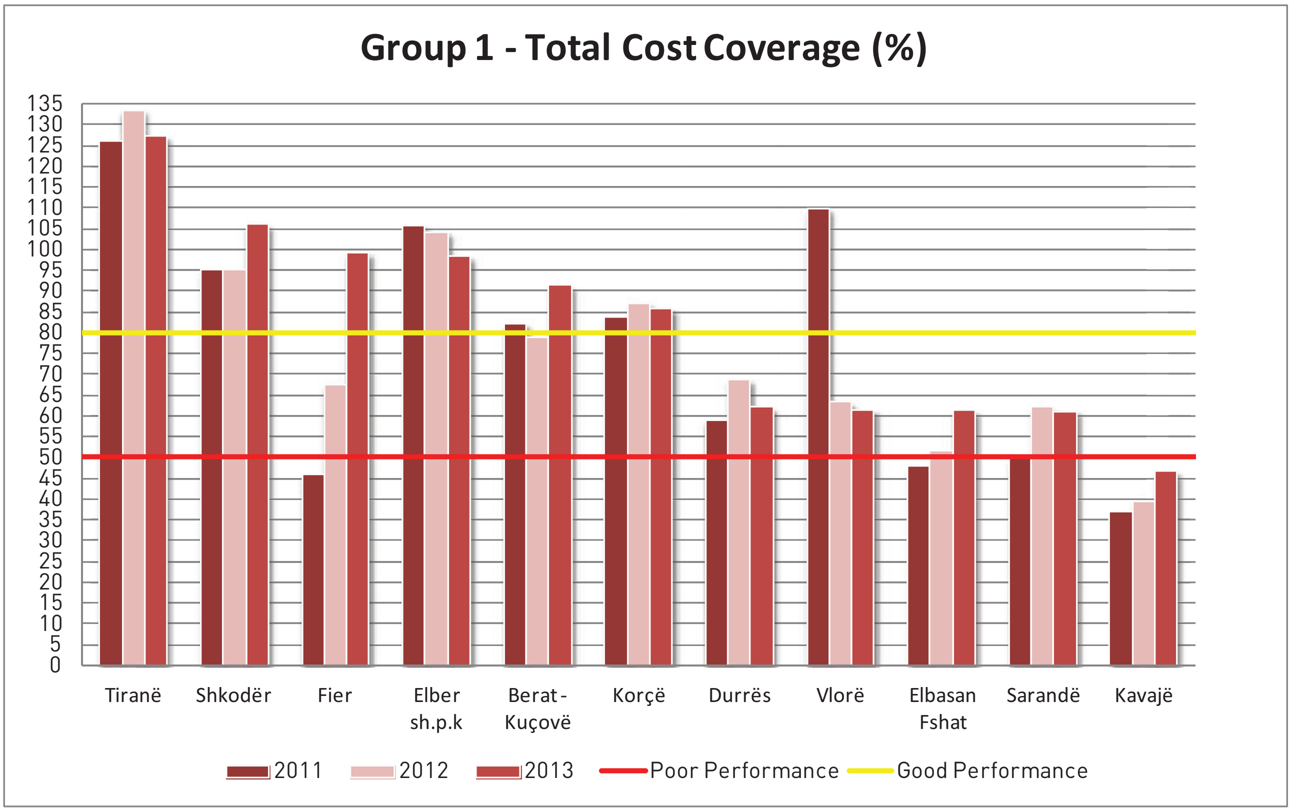


Figure 5. Total cost coverage for group 1 in 2013

The results achieved in total cost coverage for each of the companies in this group, compared to the levels of this indicator for 2012, show that this indicator does not have a positive performance for all companies. The most positive tendency in total cost coverage has been reached by WSS Fier with (31.7%). Improvements in the total cost coverage are also shown by the companies WSS Shkodër with (11.1%), WSS Berat - Kuçovë with (12.3%), WSS Elbasan Fshat with (9.6%) and WSS Kavajë with (7.2%). Whereas for the other companies, the tendency of this indicator has been negative. Total cost coverage is reduced (-6.8%) for WSS Durrës, (-6.3%) for WSS Tiranë, (-5.8%) for WS Elber sh.p.k (-1.2%) for WSS Korçë, (-0.84%) for WSS Sarandë.

Second group of companies:

In the second group, the objective level set by WRA for good performance has been surpassed from 7 out of 18 companies of this group, two of which WSS Gjirokastër (113.2%) and WSS Pogradec with (111.9%) have managed to cover over 100% of the total costs. In addition, WSS Librazhd (91.8%), WS Peshkopi (91.7%), WS Burrel (90.9%), WS Lezhë (81.9%) and WS Përmet (81.5%) are ranked above 80% of the good performance objective.
As it can be seen from the chart, WSS Gjirokastër leads with the highest level of total cost coverage for 2013, whereas WS Patos continues to be ranked as the last company in the second group with only (19.6%) of the total cost coverage. In the second group, there are five companies, which do not cover even 50% of the total costs, thus, they are below the level of the objective for poor performance: WS Kurbin (49.4%), WSS Lushnje Fshat (48.8%), WSS Mallakastër (39.8%), WSS Rrogozhinë (39.8%) and WS Korçë Fshat (36.8%).

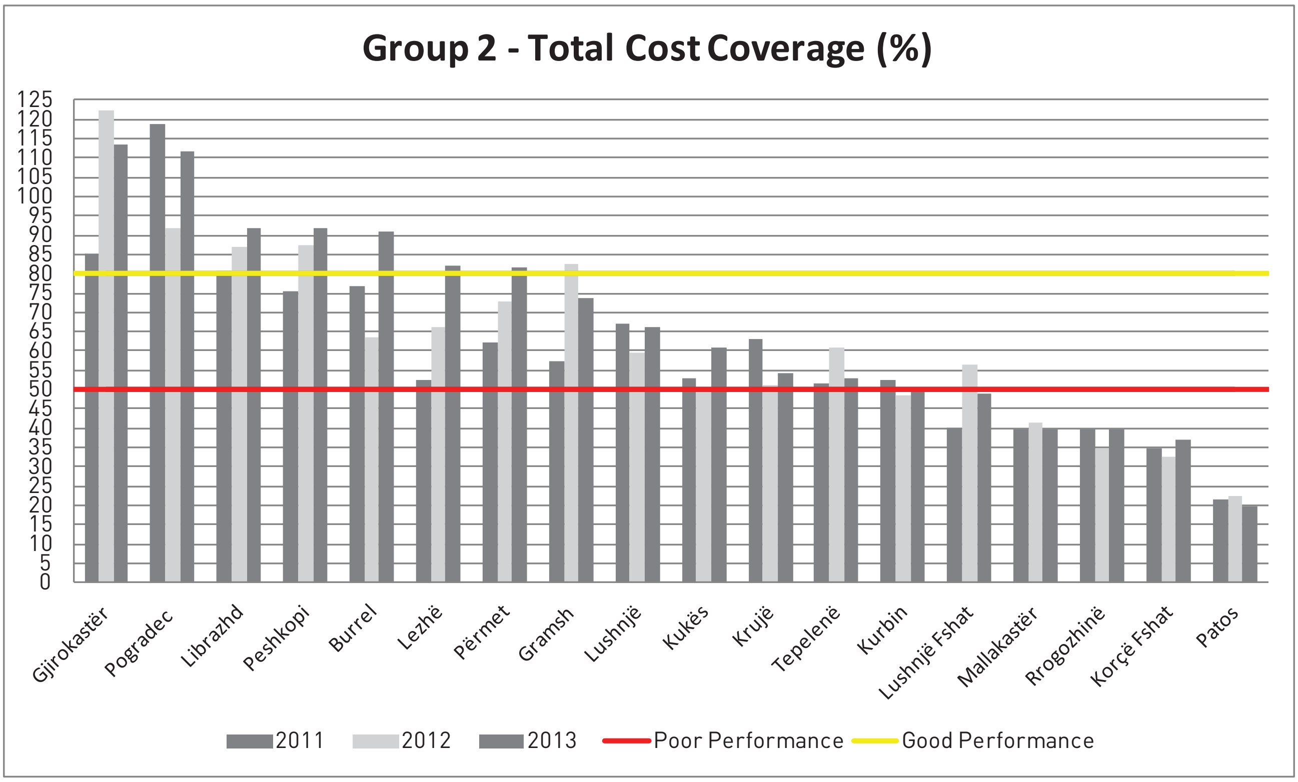


Figure 6. Total cost coverage for group 2 in 2013

In 2013 for the best part of the companies in this group, this indicator made good progress compared to 2012. Companies that had the biggest increase in the total cost coverage level are WSS Burrel with (27.3%), leading the group as the best company followed by WSS Pogradec with (20,2%).
Out of 18 companies, for 6 of them the level of total cost coverage is worsened, for WSS Gjirokastër and WSS Përmet with (-8.9%), WSS Tepelenë (-7.9%), WS Lushnje Fshat (-7.7%), whereas for WSS Patos, WSS Mallakastër, the decrease was smaller, respectively (-2.8%) and (-1.6%).

Third group of companies:

The number of companies ranking above the level of the objective set by the WRA with 80% for good performance is smaller in the third group. Out of 26 companies analyzed, only three of them WSS Delvinë (96.6%), Ersekë (94.5%) and Ura Vajgurore (82.5%) have managed to reach the objective set by the Regulatory Authority. At the limit of acceptable performance by more than 50%, there are 7 companies. The best part of the companies of this group is situated in the poor performance area, because they could not manage to cover even 50% of the total costs. WSS Gjirokastër Fshat is the company with the lowest level of total cost coverage with (18.6%), thus the poorest performance.

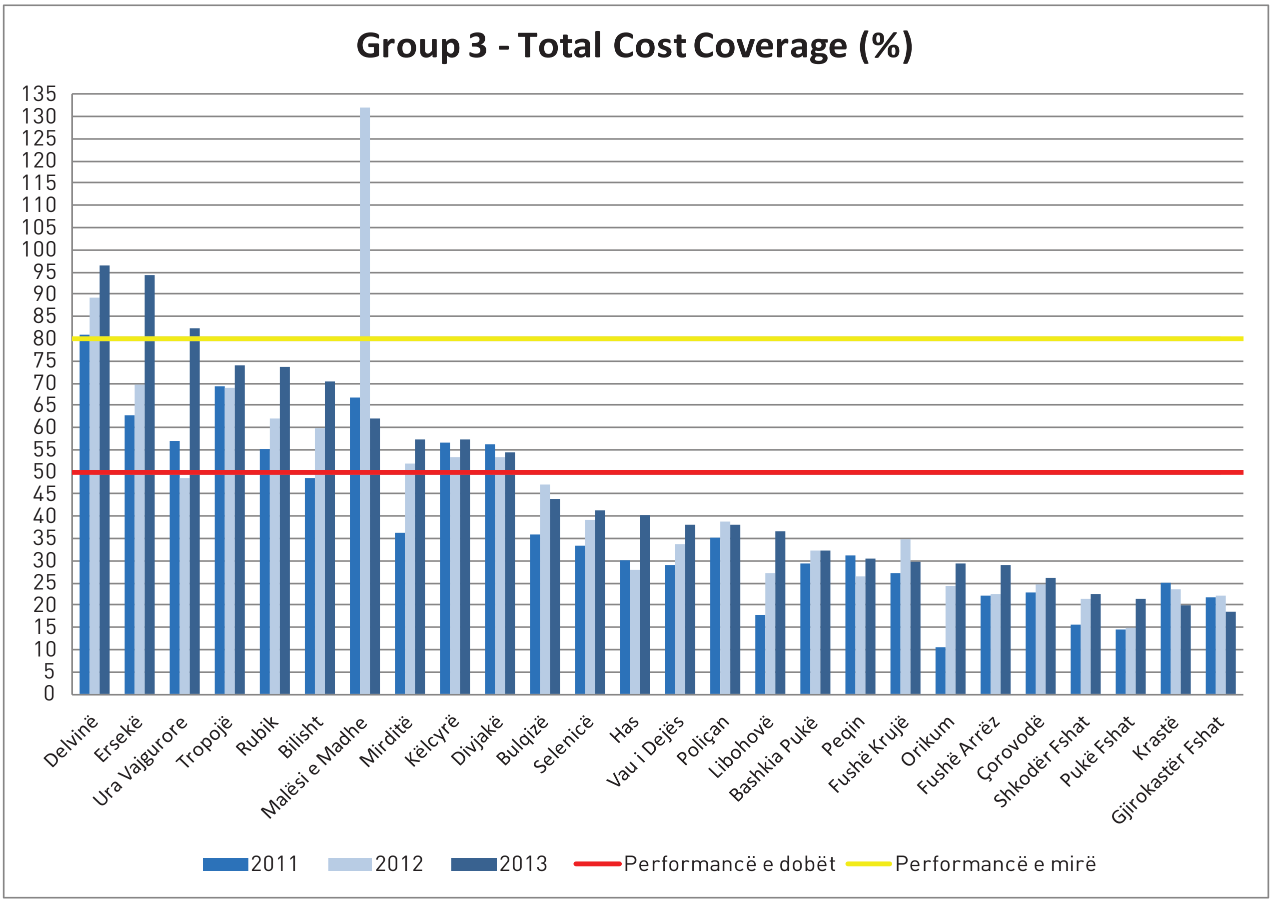


Figure 7. Total cost coverage for group 3 in 2013

The comparison of the level reached by companies in the total cost coverage with the level of 2012 shows that the biggest part of the companies in this group have made attempts to improve the situation. For 20 of them, the total cost coverage level has increased. In 2013, WS Ura Vajgurore stands out for the most positive performance, which has increased by almost 34% the total cost coverage level compared to one year ago, followed by WSS Ersekë with approximately 25%.

During 2013, total cost coverage level is reduced for 6 companies. Compared to one year ago, the biggest decrease in the total cost coverage percentage is marked by WS Malësi e Madhe (70.1%). The comparison of the result for this indicator in 2013 with that of 2012, and 2011 shows that this difference is a product of inaccuracies in the reporting of data from this company. For five other companies, total cost coverage has been smaller (approximately 5%).

The third group includes those companies with difficult financial situations. In spite of the foreign factors as lack of investments and a small number of consumers in a large servicing area, a lack of attempts can be seen to improve the low level of cost coverage through better management.
Many companies in this group have never applied for adjustment of tariffs and another part operates with tariffs fixed many years ago.

Conclusions

The average level of total cost coverage for the WSS sector in 2013, and the performance of this indicator show that WSS companies are trying continuously to cover the cost of services provided with their income. The performance analysis shows that the best results of total cost coverage are achieved by big water supply and sewerage companies, whereas the majority of small companies continues to depend on external financing sources.
Most of the percentage of the total cost is taken from staff, power and depreciation, therefore the attempts of companies should be focused in making possible the reduction of these expenses. Better management of human resources and better organization of work, reduction of the level of losses are some of the main directions, making possible the reduction of the expenses of operation and maintenance, especially in two main components: staff and electrical energy costs.

Besides these expenses, expenses covering depreciation are an important part of the total of costs as well. Drafting of plans for the management of assets would make possible the reduction of these costs. WRA considers this one of the main directions for the work of companies; therefore it is considering to draft a manual that would help WSS companies for a better management of fixed assets.

The main financial source for the investments made in the WSS sector comes from the state budget, donations and credits. The investments with company funds are modest. The companies for which credits are investment, financial sources, the credit costs are added to the total costs. The business plans are an important means to plan, manage and monitor the investments and also to foresee the return from the realized investments.
For this reason, the Regulatory Authority will request the preparation of three year business plans for big companies and for those applying for a tariff for several years.

In addition to the work for reduction of expenses, special attention should be paid to the increase of income as well. Not only the increase of tariffs, but also the invoicing of all customers in the service area, the service quality improvement, awareness of consumers for services provided makes possible the increase of income.
WRA shall continue to urge and support all the WSS companies for the increase of financial sustainability and the improvement of service towards consumers.

3.3 Collection Rate

The collection rate is one of the main indicators for the assessment of the financial independence and sustainability of WSS companies. By means of this indicator we can understand how effective a company is in guaranteeing the needed liquidity. The collection rate is the ratio between the collected income and the invoiced amount for services provided. The performance of the collection rate in essence is a managerial function. In 2013, the average collection rate in the water supply and sewerage sector is 82% from 90% that has been in 2012. The collection rate in 2013 compared to that of 2012 is reduced by 8.9%. The sector performance with 82% for this indicator is at the limit of the objective set by WRA for good performance, but it is far from the strategic objective of the sector for 2013 with 90%.

First group of companies:

In the first group, the company with the best performance for this indicator in 2013 is WSS Tiranë, which has managed to collect 99% of the invoiced amount. The level of the objective set by WRA for good performance has been reached by WSS Korçë (89.6%) and WS Elbasan Fshat (86.9%) as well, but it is still under the national objective level (Water supply and sewerage sector strategy 2013-2017). The company with the lowest level of collection, thus, with the poorest performance is WSS Shkodër (52.2%).

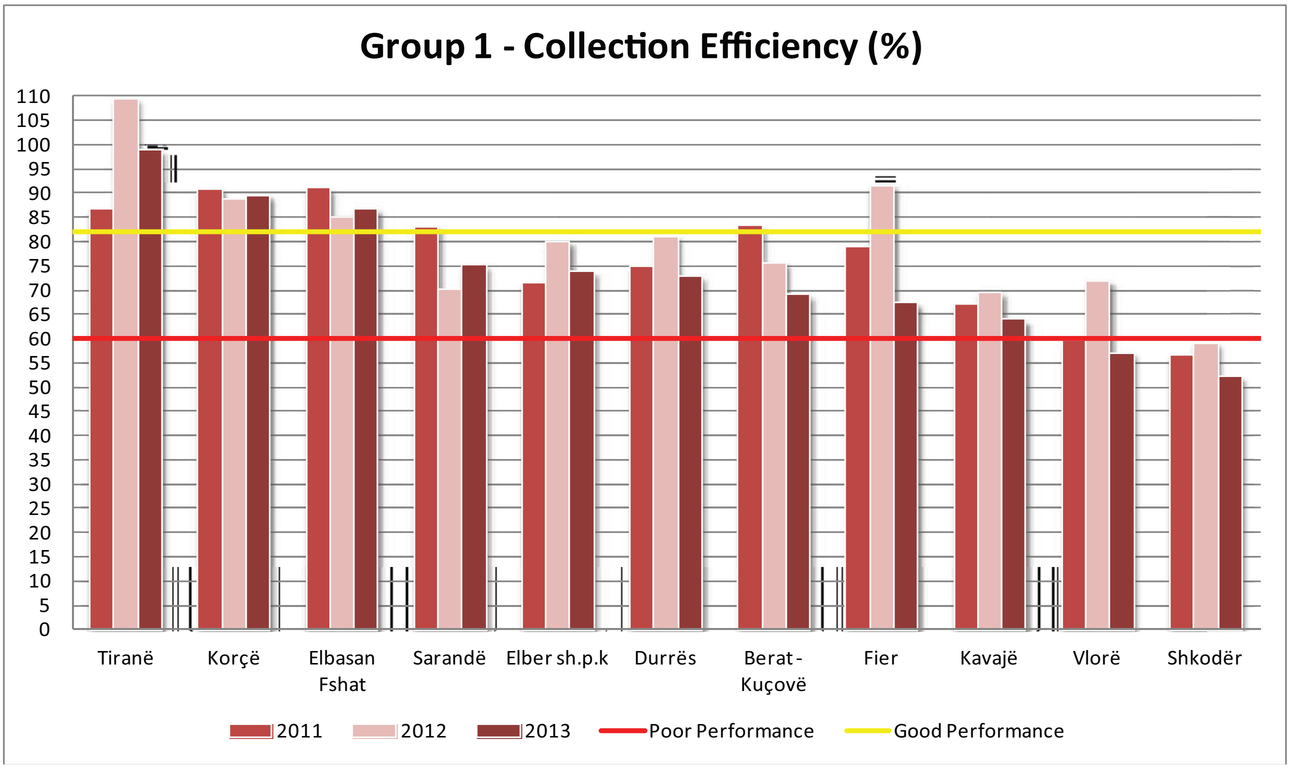


Figure 8. Collection rate for group 1 in 2013

The results achieved in income collection in 2013 from the companies of this group, compared to 2012 show that the positive changes were small and are achieved by only three companies. The highest level of increase has been registered by WSS Sarandë with 4.9%. For the majority of companies, eight out of eleven, the collection rate has decreased. The companies, which have suffered decreases of this indicator compared to one year ago are: WSS Fier (-24.3%), WSS Vlorë (-14.9%), WSS Tiranë

(-10.5%), WSS Durrës (-8.2%), WSS Berat-Kuçovë (-6.6%), Elber SHPK (-6.2%), WSS Kavajë (-5.7%) and WSS Shkodër (-6.9%). As it can be seen, not only was the worsening of this indicator recorded for a bigger number of companies in this group, but the negative changes are bigger than the positive ones.

Second group of companies:

In the second group, the levels reached for the collection rate has ranked 7 companies of this group above the level 82%, which is the good performance objective set by the WRA. The best performance belongs to WS Korçë Fshat, where the collection rate is 91.5%. Only one of the companies from this group is under the red line of poor performance, WSS Kukës with a collection rate of 55.3%.

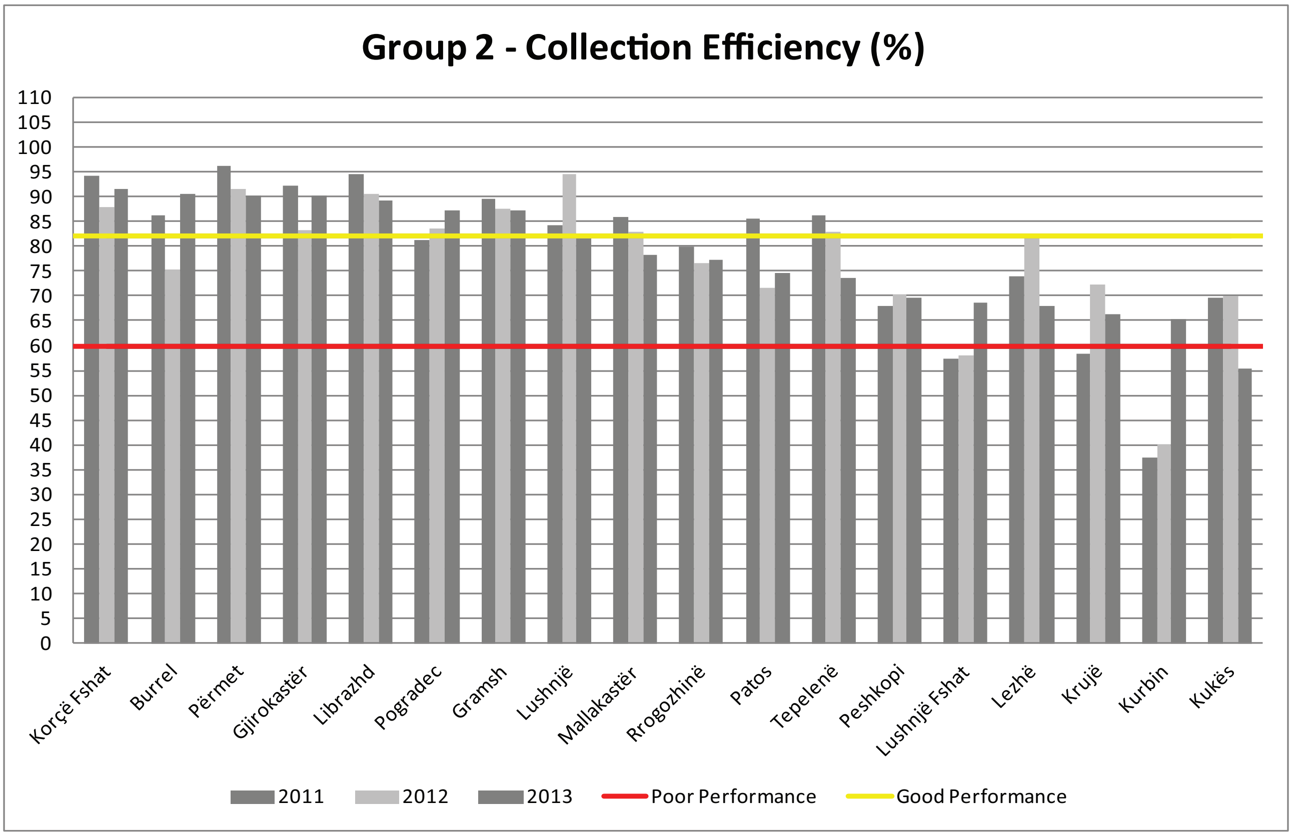


Figure 9. Collection rate for group 2 in 2013

Compared to 2012, the collection rate of 2013 for 8 companies in this group has had a positive tendency. The company with the most positive performance is WS Kurbin with an improvement of 25.1%, which has made possible for the company to surpass the level of poor performance. We can also mention WSS Burrel and WS Lushnjë Fshat with an improvement in the collection rate respectively 15.1% and 10.6%. The collection rate is reduced for 10 companies. The company registered the biggest decrease of this indicator with (-14.7%) is WS Kukës, followed by WS Lezhë with (-14.2%), WSS Lushnjë with (-12.9%), WSS Tepelenë with (-9.4%). For WSS Përmet, WSS Librazhd, WSS Gramsh, WSS Peshkopi, WSS Krujë, WSS Mallakastër, the collection rate decrease is somewhat smaller ranging from 1.5% to 6%.

Third group of companies:

In the third group, 9 companies have good performances for this indicator. Their collection rate in 2013 is more than 82%. The best performance company is WS Rubik with a collection rate of 113.5%. This result has derived from the good work in collecting the debts from previous periods. The same situation is presented for WSS Municipality Pukë, where the collection rate is 110.4%.
However, 11 companies are ranked under the red line, having a poor indicator. The collection of income from invoicing is less than 60%. The poor performance company continues to be WS Tropojë with a collection rate of only 28.7%. This company, in three years 2011 – 2013, not only had a low rate of collection respectively 36%, 29.7%, 28.7%, but the tendency has been a negative one as well.

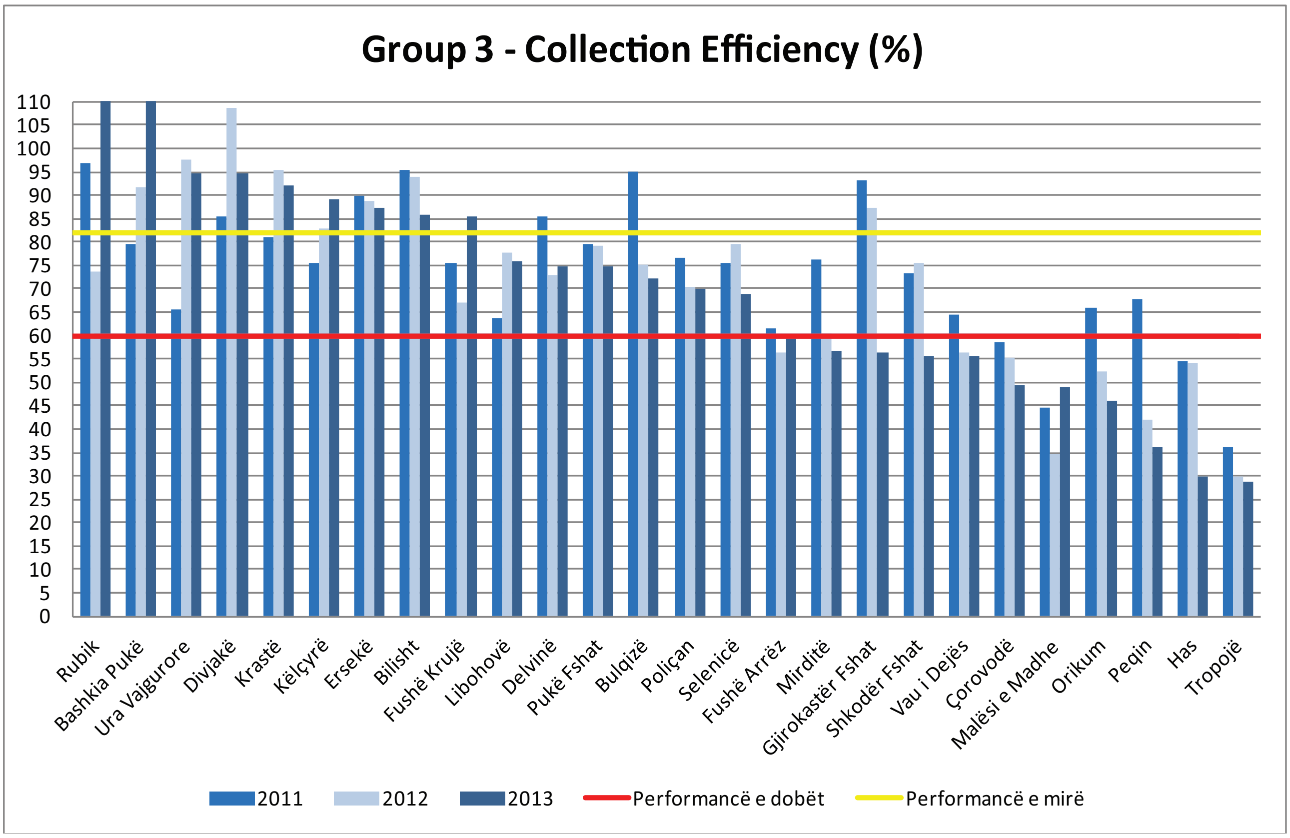


Figure 10. Collection rate for group 3 in 2013

In 2013, the general tendency for this indicator in the third group has been a negative one. For the majority of companies 19 out of 26, the collection rate was lower than a year before. The collection rate has been considerably reduced for WSS Gjirokastër Fshat with (-30.9%), WS Has with (-24.3%), WS Shkodër Fshat with (-19.9%). The lack of an effective management has brought the registered results. On the other hand, several companies have made big improvements where the collection rate has been considerably increased compared to a year ago. The list is led by WSS Rubik with the best improvement in increasing the collection rate by 39.4%, followed by WSS Municipality Pukë with 18.7%. WSS Fushë Krujë with 18.5% and Malësi e Madhe with 14.6%.

Conclusions

The average collection rate for the sector by the end of 2013 showed a strong decrease against the collection rate of the end of 2012 (decrease from 91% to 82%). In 2013 few companies have continued to make sustainable attempts to increase the income collection, which in spite of subjective and objective reasons, have managed to increase the collection rate by improving the company performance.

Deterioration of this indicator for the majority of companies is a result of several factors: (i) the year 2013 was an electoral year, (ii) insertion in the water supply invoice of the local taxes, (iii) increase of tariffs for several companies year after year and (iv) poor management of the company.

WRA stresses that the main income source of WSS company is coming from the activity, therefore, in spite of subjective or objective reasons, company managers should work better for the administration of income. WSS companies should pay more attention to timely invoicing and the effective collection so that the financial sustainability is improved. Otherwise, the bad debt will increase. For many companies, collection of bad debts continues to be a real problem.

Systematic invoicing of all customers in the area of jurisdiction, creation of facilities in making payments by opening easily accessible customer care offices, provision of contemporary ways of making payments, identification of problematic customers and also the introduction of obligatory collection are helping in the improvement of the collection rate. A positive influence on the improvement for this indicator is the provision of qualitative services. The experiences show that companies providing qualitative services have high collection rate. The consumers do not hesitate to pay even if tariffs increase.

3.4 Staff efficiency

Staff efficiency is the indicator letting us understand how human resources are managed by WSS companies. One of the main directions of providing an efficient service is the improvement of the operational efficiency in order to reduce costs of service. Since staff costs take up a big percentage for the moment in the O&M costs for water supply and sewerage services, this indicator takes on special importance, therefore it is included in the list of key performance indicators. The indicator used to assess staff efficiency is the number of company staff serving per each 1000 connections. Taking into consideration the characteristics of functioning of companies, WRA has established differentiated levels of objectives for the three groups. In 2013, the average level of employees per 1000 connections in the entire sector is 9.5 employees per 1000 connections.

First group of companies:

For the first group, WRA has determined as a good performance level 4 employees per 1000 connections and the poor performance level that of 6 employees per 1000 connections. In 2013, 8 out of 11 companies in this group are listed within the acceptable performance limit (6 p/000/connections), but only three stand out for good performance (less than 4p/000/connections): WSS Korçë, WSS Sarandë and WSS Tiranë with respectively 2.4, 3.3 and 3.6 employees per 1000 connections. The company with the poorest performance continues to be WS Elbasan Fshat. The average number of employees per 1000 connections of this company is 12.8 employees, almost 6 times higher than the best company in this group.

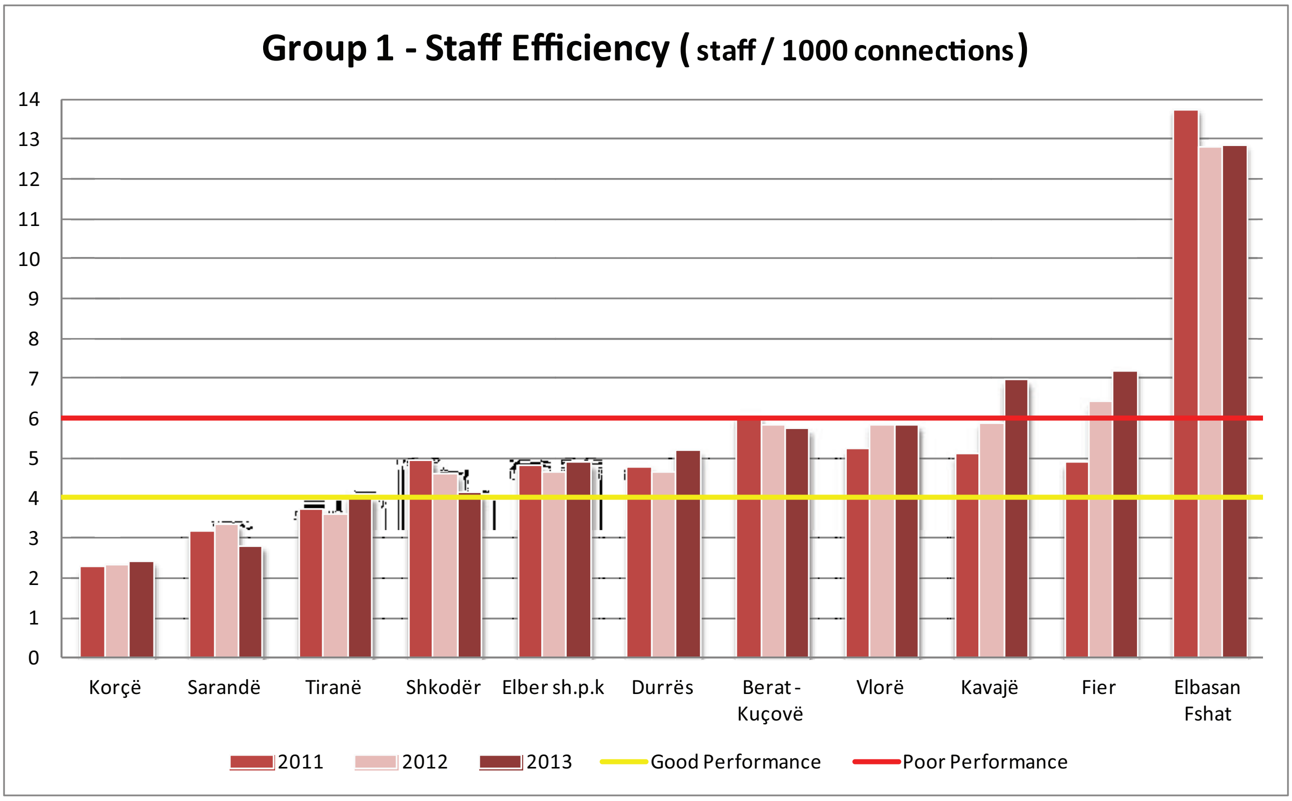


Figure 11. Staff efficiency for the first group in 2013

Compared to 2012, for all companies in this group, this indicator has had small positive and negative changes. The tendency has been positive for WSS Sarandë, WSS Shkodër and WSS Berat-Kuçovë. The number of employees per 1000 connections is reduced with less than one person per 1000 connections. In 2013, the same number of employees has served a bigger number of customers than in 2012.
Among the companies with a worse staff efficiency indicator is WSS Kavajë, where this indicator has recorded the biggest increase with 1.1 employees per 1000 connections. This change is a result of the increase of the number of employees in 2013

Second group of companies:

For the second group, the good performance objective level set by WRA is 6 employees per 1000 connections and the poor performance level is 10 employees per 1000 connections.
In 2013, four companies have reached a good performance level of WRA. WSS Pogradec is the company with the best performance with 4.12 employees per 1000 connections. Within the good performance level, there are also WSS Lezhë, WSS Rrogozhinë and WSS Krujë with respectively 5.4, 5.6, 5.9 employees per 1000 connections. The staff efficiency indicator is within the acceptable performance limits (10 p/000 connections) for 6 other companies as well.
The chart shows that eight companies have an acceptable performance (they are ranked above the red line of the poor performance level) where WS Patos results with 24 employees per 1000 connections.

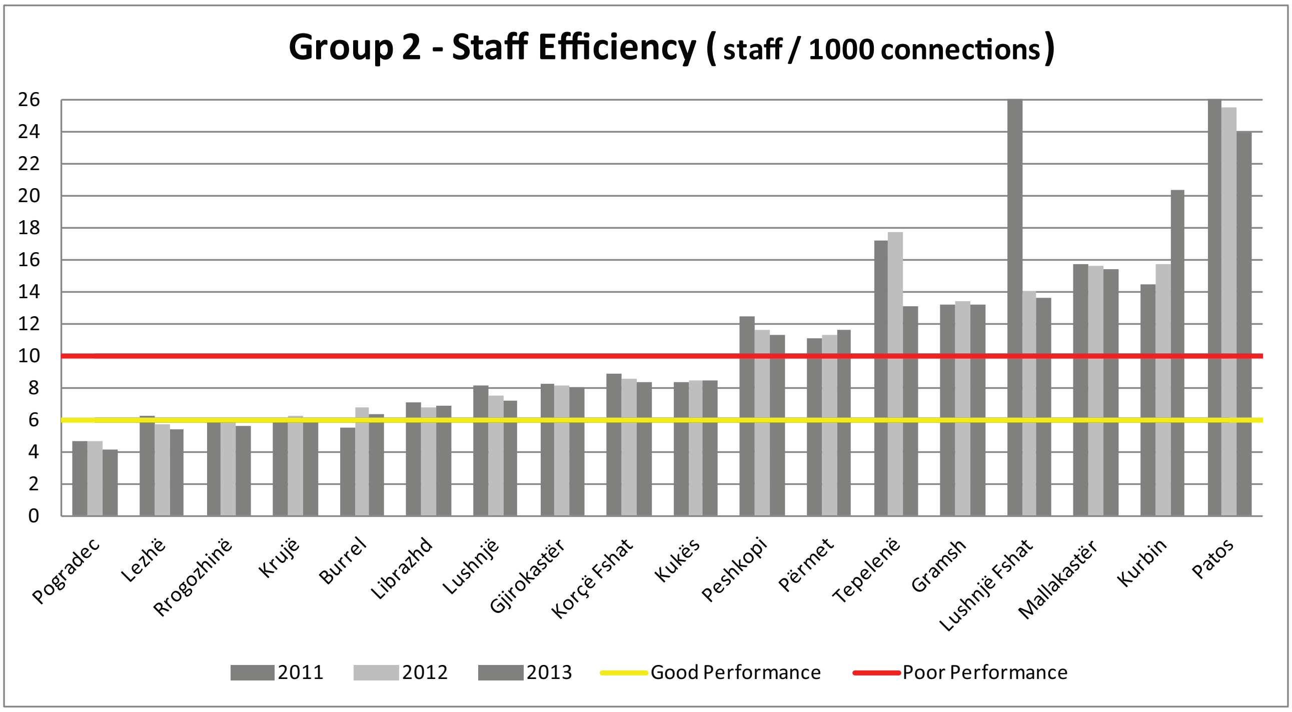


Figure 12. Staff efficiency for the second group in 2013

Compared to 2012, the positive or negative changes in this group are not considerable. WSS Tepelenë is an exception where staff efficiency is improved (number of employees per 1000 connections is reduced by 4.6 employees), and also WSS Kurbin, whose situation is worse as a result of increasing the employee number per 1000 connections to 4.7 persons.

The improvement for WSS Tepelenë is a result of the increase of the connections number. Since 2013, this company also provides the service of waste water collection and disposal. The improved organization and management of the work has enabled the company to cope with an increase of 1770 connections in the sewerage service, adding only 4 employees in its staff. Compared to 2012, WSS Kurbin in 2013 has increased unjustifiably the number of employees with 35 persons. This increase has worsened the staff efficiency indicator, which for this company even in the two previous years has been in the poor performance level.

Third group of companies:

For the third group, the level of the objective set by WRA for good and poor performance are respectively 10 and 15 employees per 1000 connections.

In the third group, 10 out of 26 companies have less than 10 employees per 1000 connections. The best performer is WSS Libohovë with 5.2 employees per 1000 connections. WSS Ersekë, WSS Selenicë, WSS Fushë Arrëz, WS Vau i Dejës, WSS Bilisht, WSS Bashkia Pukë, WSS Fushë Krujë, WSS Delvinë, and WSS Orikum are also ranked within the good performance level.

The group of poor performance companies, ranked above the red line, is made up of 11 companies. The last in the list is WS Gjirokastër Fshat with 75.9 employees per 1000 connections, an unacceptable level of employees in spite of the wide territorial expansion of this company. It is not coincidental that cost coverage from this company is extremely low. Compared to 2012, it results that the company has almost doubled its number of employees (from 43 to 76 employees per 1000 connections). The worse situation is a result of the bad management and bad organization of the company from its managers.

In addition, WS Shkodër Fshat and WSS Pukë Fshat, with respectively 34.4 and 31.6 employees per 1000 connections stand out for poor performance. The number of employees for these companies is 7-8 times higher than that of the best company in the group

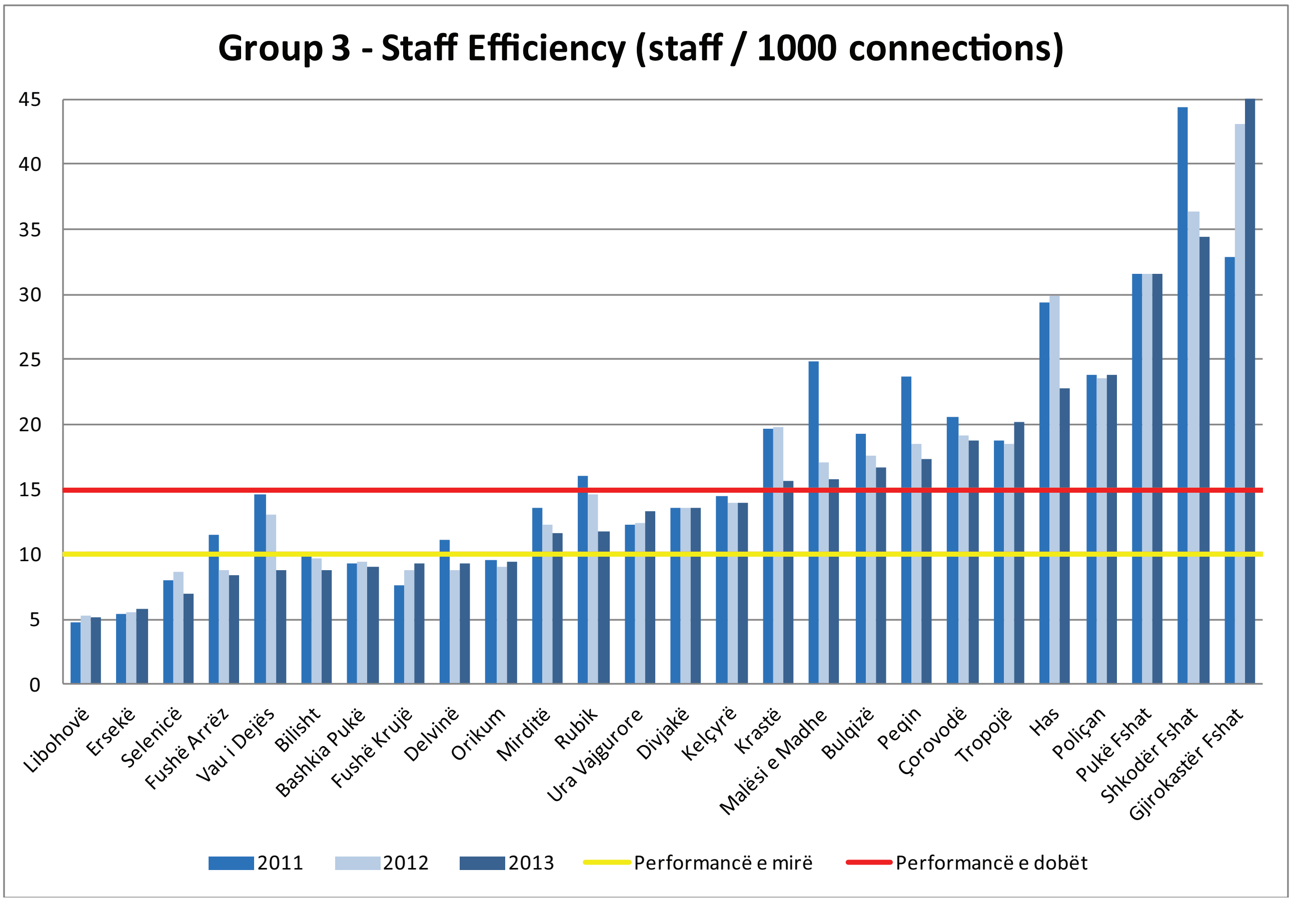


Figure 13. Staff efficiency for group 3 in 2013

In this group, the best part of companies have improved this indicator, even though in a small number. These improvements are deemed important, taking into consideration the weight of the staff cost in the total cost. In 2013, the company standing out for the improvement of this indicator is WS Has, which compared to 2012, has reduced the number of employees per 1000 connections with 7.1 persons. The main factor is the increase of the number of customers, because the number of employees is reduced only by one person. In 2013, the company has expanded its water supply service area, increasing the number of customers compared to a year ago by 26%.

Conclusions

Improvement of operational efficiency is indispensable to achieve better service standards where staff efficiency is an important element of improving the operational efficiency. WRA has selected this indicator as one of the main indicators of performance assessment and because of its influence on the service costs and consequently on the financial sustainability of companies.

The analysis of this indicator for 56 companies showed that the level of the objective set by the WRA for good performance, according to groups, was reached only by 16 companies. The majority of companies should increase their attempts to improve staff efficiency. High levels in the number of employees and the unjustified increases noticed in several companies leads to over employment and reduction of staff productivity. It is noticed that as a sector the increase of the connection number does not justify the increase of the number of employees during 2013, a phenomenon that is repeated during election years.

Big companies easily reach higher levels of staff efficiency than small companies. However, the above analysis shows that even smaller systems could perform properly when they are managed well.

To urge the companies in using their staff efficiently, WRA has established this indicator as one of the key performance indicators for WSS companies in the tariff adjustment process. Achievement of performance objectives with regard to staff efficiency is at the optimization of the organizational structure, selection of qualified, motivated and dedicated employees, internal work organization, delegation of duties and responsibilities and enlargement of the customer base.

3.5 Non-revenue water

Non-revenue water represents that part of the produced water, which is not billed to consumers, and therefore it does not generate income. Water losses or "water without revenue" is made up of two components, the evident losses, where losses from bad management of companies, illegal connections, inaccuracy in metering (in production and to consumers) are included, and real losses or differently said technical losses that are caused as a result of the system depreciation (water losses in the depot, transmission main and distribution system, etc.)
In Albania, the produced water quantity from 58 companies during 2013 was 272.951 thousand m3, whereas the water quantity that does not generate income is 182.573 thousand m3, expressed in percentage, the non-revenue water average in the sector for this year is 67.4% (differently said, almost half of the water produced is lost). The level of this indicator has suffered a decrease in comparison to 2012, getting farther from the strategic objective.
The worsening situation for this indicator in the entire sector, and especially in the last three years, has been one of the main concerns for WRA. The Authority is aware that reduction and control of non-revenue water is a complex process. WRA has continually suggested to WSS companies to draft Water Balance Sheets as an important instrument for the identification, assessment and the drafting of action plans for the reduction of non-revenue water. Based on the high level of losses and the negative tendency of this indicator, WRA undertook a study on the losses of the sector based on the Water Balance Sheet. In 2013, the Authority prepared the Balance Sheet Template and required from all the companies to complete it. You will learn in detail about the results and recommendations of this study in a special part of this report.

First group of companies:

In this group, the company with the best performance is WSS Korçë, whose indicator compared to 2012 is reduced by 5.21 %. Approaching the level of this objective set by WRA for good performance are also WS Elbasan Fshat and WSS Kavajë.
Just as last year, 8 out of 11 companies continue to be above the poor performance level of 50%. The

indicator for WSS Tirana, WSS Vlora, WSS Durrës and Elber shpk is worse, whereas the companies WSS Fier, WSS Shkodër, WSS Berat-Kuçovë and WSS Sarandë have a tendency towards the improvement for this indicator.

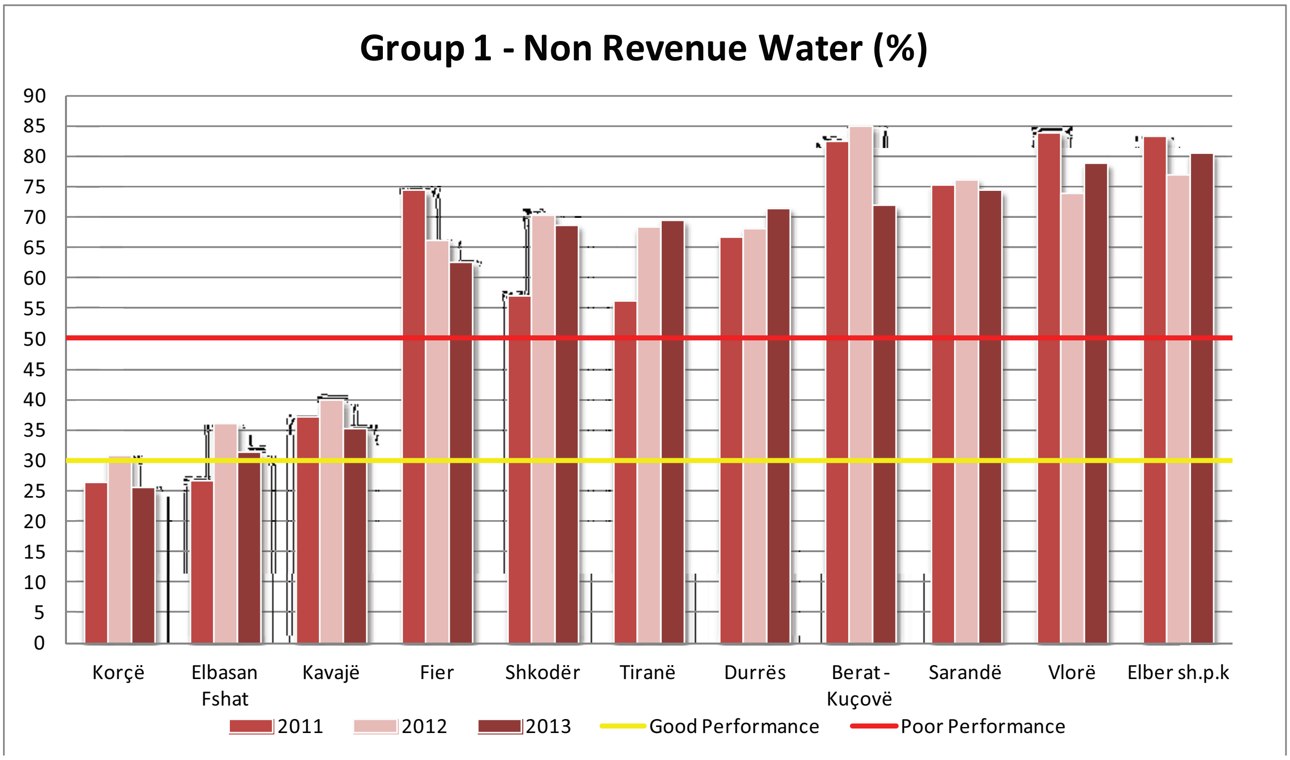


Figure 14. Non-revenue water for group 1 in 2013

If we analyze this indicator for the last three years, we will see that its level has increased for WSS Tiranë by 13.17%, WSS Shkodër by 11.71%, WSS Durrës by 4,86 %. The analysis shows that the increase of produced water quantity is not associated with an increase of the invoiced water quantity. This phenomenon associates the above companies as well, where apart from the increase of production, we have had a reduction of the metering ratio, and consequently the non-revenue water quantity has increased.

Second group of companies:

For the majority of companies in this category (11 out of 18 in total) the non-revenue water indicator is worse during 2013 compared to one year before. Only three of them have good performance, WSS Kukës with 17.48%, WSS Librazhd with 23,14% WS Lushnjë Fshat with 29.33%. The following companies are at the level above 50% of non-revenue water WS Peshkopi (55.6%), WS Tepelenë (52.16), WSS Gjirokastër (75.29%), WSS Lushnjë Qytet (75.28%), WS Kurbin (70.24%), WSS Krujë (63.84%), WSS Burrel (62.17%) and WSS Mallakastër (56.13%).

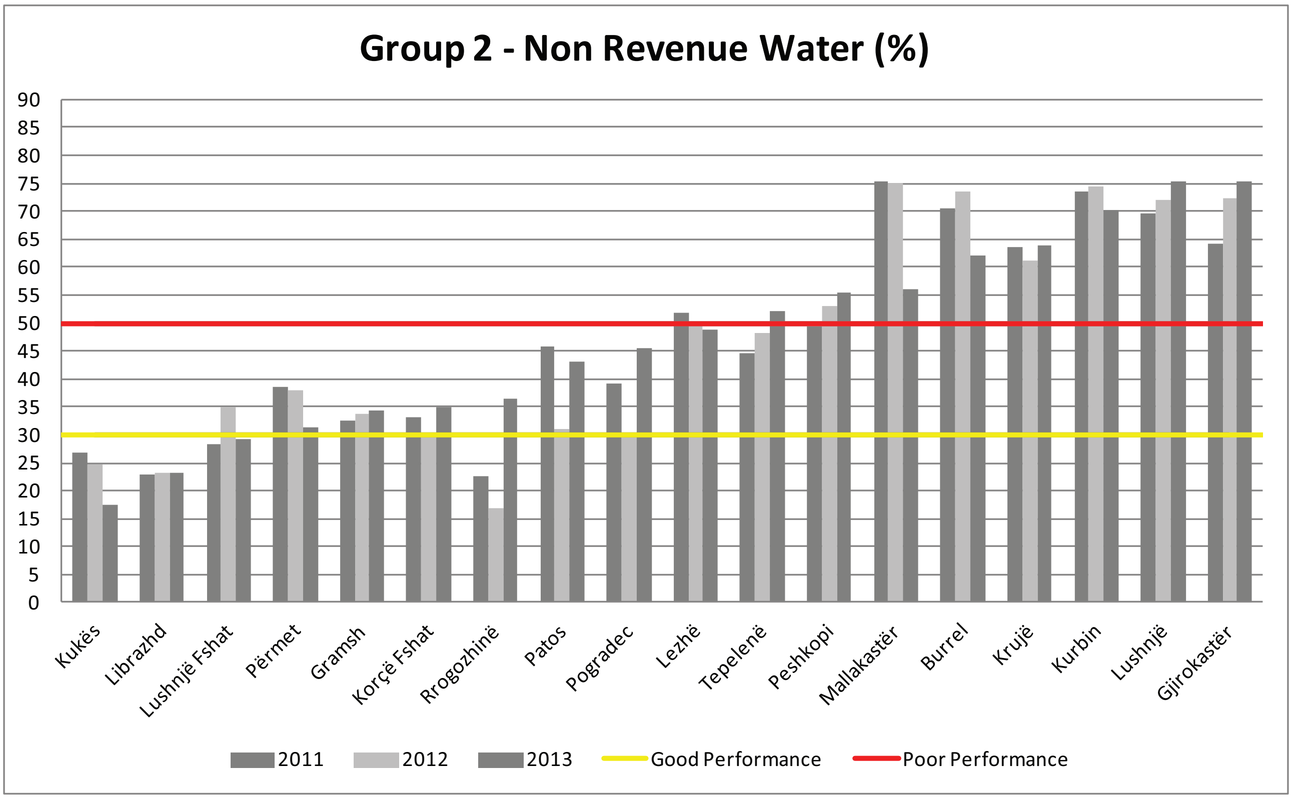


Figure 15. Non revenue water for group 2 in 2013

It is worth mentioning that the water losses have increased by 15.1% even for companies with generally good performance, as the WSS Pogradec. Deterioration of this indicator is also seen in companies like: WSS Rrogozhinë with 19.82%, WSS Patos with 12.01% and WS Korçë Fshat with 5.6%. By comparing the data for the last two years, there results that companies of Pogradec, Patos and Rrogozhinë have increased the quantity of produced water, but this was not associated with the increase of the invoicing level. For WSS Pogradec, the increase of the lost water quantity in the distribution main (according to the Water Source 2013 magazine) and the absence of meters for customers in informal areas. For WSS Rrogozhinë and WSS Patos, the absence of meters in production and for consumers causes this indicator to have unacceptable fluctuations.
The companies with the best results in non-revenue water reduction are WSS Burrel with (-12.24%) and WSS Mallakastër with (-18.8%).

Third group of companies

In this group, 17 out of 27 companies continue to have high level of losses with over 50%. WS Këlcyrë has made attempts by reducing losses by 2.27 %, but it continues to be the company with the highest level of losses (83.13%), followed by WSS Fushë Arrëz (79.51%), WS Tropojë with (75.71%), WS Malësia e Madhe (74.62%) etc.

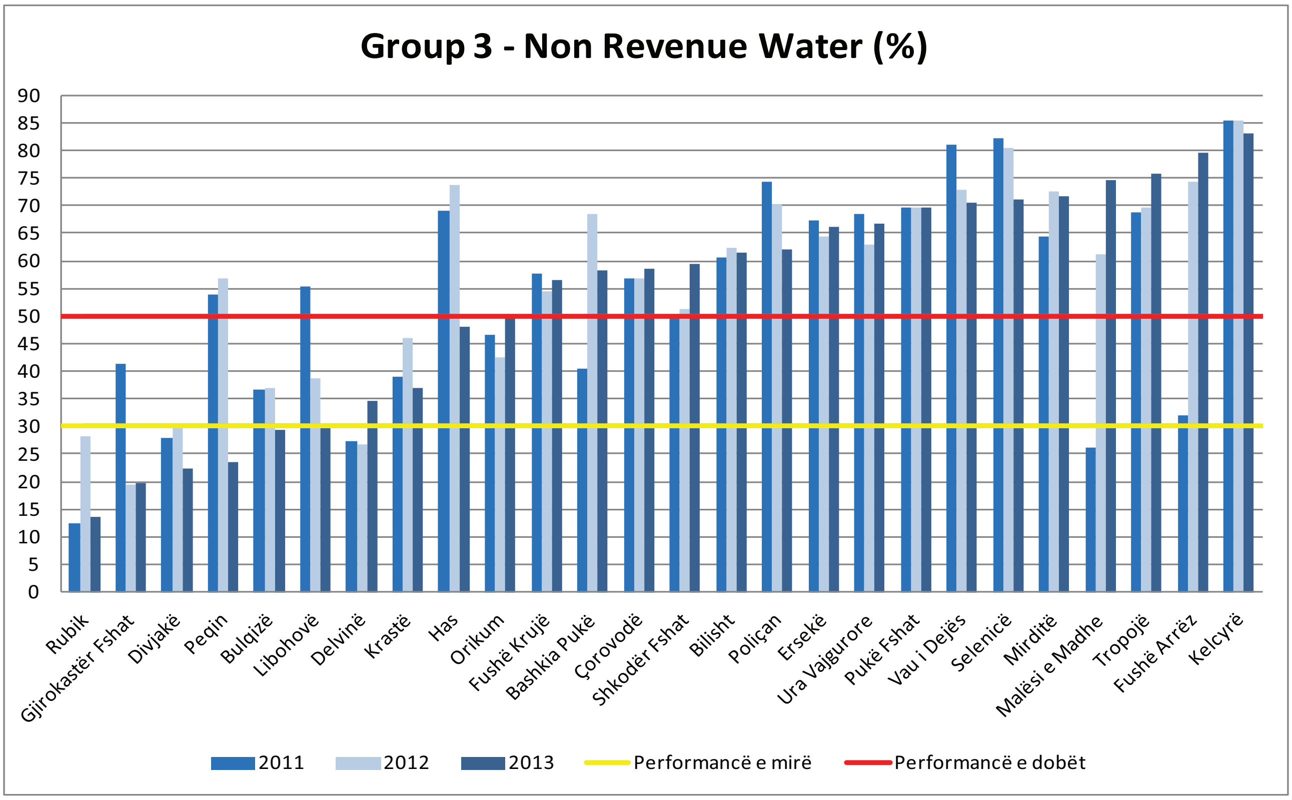


Figure 16. Non-revenue water for group 3 in 2013

The companies that in 2013 have increased the non-revenue water level are WSS Delvinë by 7.96%, WS Orikum by 7.61%, WSS Shkodër Fshat by 8.29%, WS Malësi e Madhe by 13,44%, WS Tropojë by 6.14% and WS Fushë Arrëz by 5.15%. Increase of the level of losses for these companies comes as a result of bad management. Without any reasonable cause the quantity of produced water for 2013 has increased and the quantity of invoiced water has decreased.

In the third group, the good performance companies are WSS Rubik (13.61%), WS Gjirokastër Fshat (19.67%), WS Divjakë (22.25%), WSS Peqin (23.53%), WS Bulqizë (29.49%) and WSS Libohovë (29.84%). The companies WSS Peqin, WS Bulqizë and WSS Libohovë should be congratulated, which for this year have reached the level of good performance. In addition, WS Has has improved this indicator reaching the value of 25,55 %, but there still remains work to be done to approach the level of good performance.

Conclusions

2013 marks a further deterioration regarding non-revenue water as a result of losses in production, distribution and invoicing. The level of 67.4% is alarming for WSS company managers. Based on the analysis made, it results that sector situation is disturbing, only for 10 companies the non-revenue water is at the level of good performance, whereas for 33 companies, water does not generate income more than 50% of the invoiced water quantity. This gives a signal that companies have a duty to take urgent measures starting with reconstruction of water supply systems, the identification and elimination of illegal connections, increasing energy efficiency as a component weighing heavily on the production cost, increase of invoicing and collection, installation of meters in production, balance meters and distribution meters to get to know better the real losses.

Another factor aggravating more the situation is also the inaccuracy of the reported data, which does not give the real situation and consequently a real judgment on the problem. Accurate and truthful

reflection of reality helps companies in the self-assessment of the situation and also the interested parties in the sector. For the first time during 2013, WRA realized the preparation and analysis of water balance sheets for WSS companies. The balance sheet analysis showed that in total the managerial losses (from failure of collection of income) are bigger than the technical losses, thus, apart from a depreciated system, the high level of losses comes as a result of the bad management of companies.
Compared to 2011, non-revenue water has increased by approximately 4%. Non-revenue water reduction is seen by WRA as one of the main indicator to have a financially sustainable company. For this reason, the authority, through its long-term regulatory strategies and instruments, supports the companies in their work so that this situation could change fast in the sector.

3.6. Metering ratio

Metering ratio is the ratio of metering connections against the total number of connections. Currently, this indicator does not reflect the level of metering in the water supply system, because it analyzes only metering connections at the consumers. WRA is of the opinion that in the future, other indicators should be added to this indicator in order to have a more complete general analysis regarding water supply metering: production, depot and distribution. This will bring more precise and verifiable results of Water Balance Sheets and would help identify company needs to improve this indicator. The increase of metering level increases also the accuracy of the "non-revenue water" indicator.

For 2013, this indicator is assessed positively, because its tendency has been positive. The metering ratio has been increasing year by year, from 50.6% in 2011, to 55.1% in 2012, and 59% in 2013. The sector is very close to the objective of 60% for this indicator as defined in the Water Supply and Sewerage National Strategy 2011-2017, but far from the 85% objective set by WRA for WSS companies. The Authority evaluates the metering ratio as very important because it directly affects the quality of service for consumers, and also the quality of several other indicators.

First group of companies:

Even for this year, the best performance company for the first group continues to be WSS Korçë, which measures completely (100%) the provided service. In this group, we can see an increase of this indicator for all companies with the exception of two of them: WSS Sarandë and WSS Berat-Kuçovë. Compared to 2012 for WSS Sarandë the metering ratio is reduced by 4.68 %. In 2013, the number of customers has increased because the company also provides the water supply service for 14 villages, which before were covered with services by the Communes. These customers belong to the unmetered service. For the company WSS Berat-Kuçovë as well, the metering ratio is reduced by 4.67% compared to a year ago. Although the total number of customers has increased, the metering ratio because of the damaging of meters and the failure of replacing them in time is reduced.
The company with the lowest level of metering ratio remains WSS Shkodër with 16.19 %, but it should be emphasized that this company has had an increase of about 8.18% for this indicator compared to 2012.

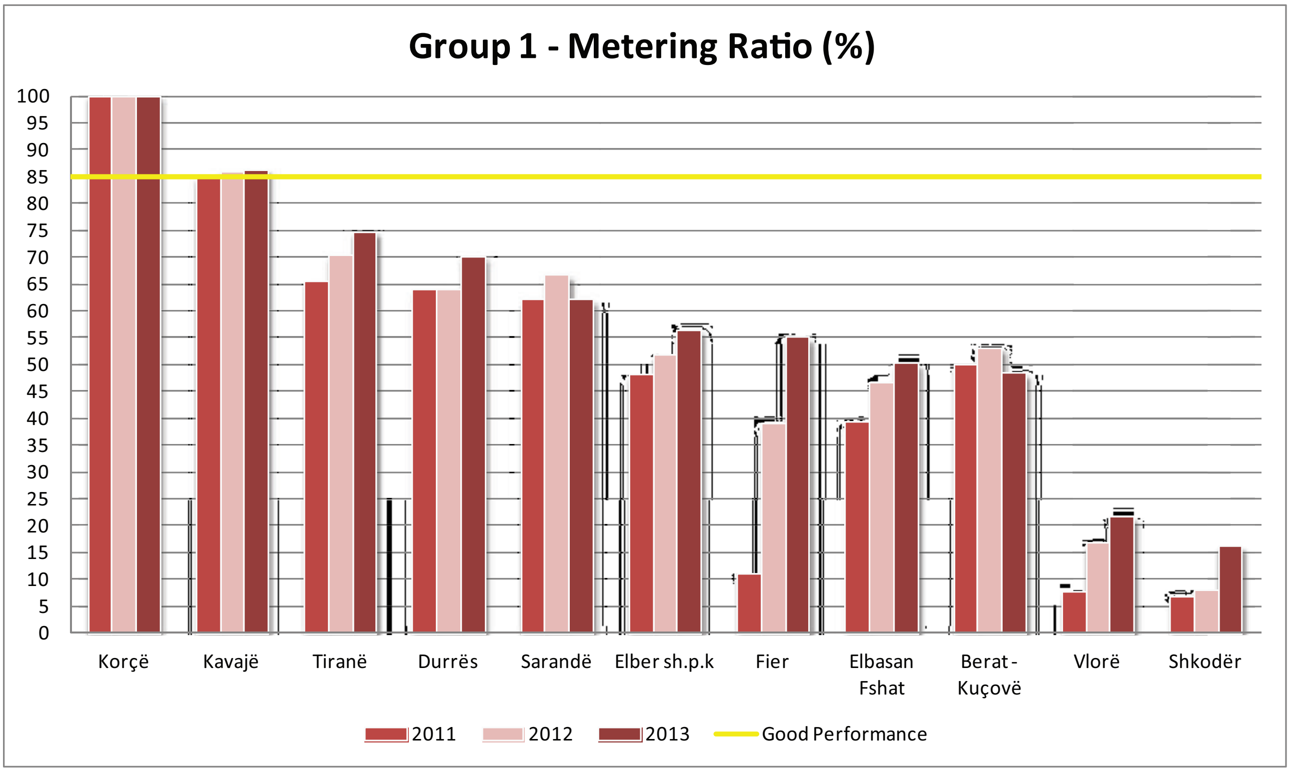


Figure 17. Metering ratio for group 1 in 2013

The most positive performance has been seen again from WSS Fier, which in 2013 has reached this indicator by 16.08%, compared to 2012, whereas compared to 2011 the metering ratio has increased by 44.01%. The company is in its final phase of installing the digitalized meters. The work has progressed satisfactorily and in a short time the company will be able to provide 100% metered service. In addition, this indicator has also increased for WSS Durrës by 6.25 %, compared to 2012.

Second group of companies:

For 2013 in this group, 3 companies have surpassed the good performance line of 85%: WS Lushnjë Fshat (100%), WSS Librazhd (95.87%) and WSS Pogradec (91.91%). Whereas WSS Krujë is very close to crossing the line. In general, during 2013 it is seen that companies have increased the metering ratio, or have kept the same level compared to 2012 with the exception of three companies: Tepelenë, Peshkopi and Librazhd.

The chart shows that the best performance company in this group is WSS Lushnjë Fshat, with 100% metered service. Indeed, this indicator reflects the metering of provision of water supply from the company to communes and not the metering of consumption from households, businesses or public institutions. Maybe this is the reason that the performance of this company for this indicator is at this level. WS Kurbin, WSS Gjirokastër and WS Patos continue to have very poor performance regarding metered service, which takes less than 1%.

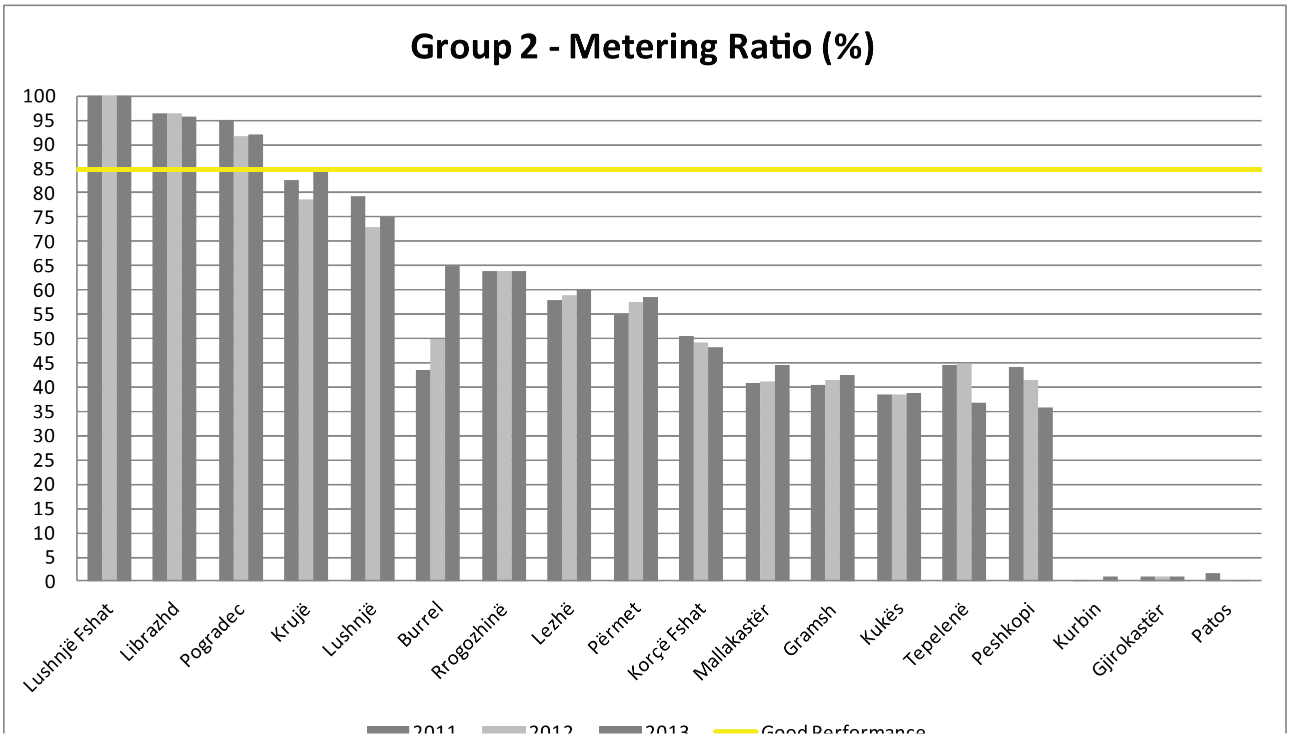


Figure 18. Metering ratio for group 2 in 2013

WSS Burrel has made progress regarding this indicator, by increasing the metering ratio with (+14.78%) compared to 2012. Five companies have reported reductions for this indicator, 2 of them have had considerable reduction, namely WSS Tepelenë (-7.99%) and WSS Peshkopi (-5.77%). Based on the reports submitted by WSS Tepelenë, it results that compared to 2012, there were no changes in the company's service area, thus, the customer number is the same, but the metering ratio has decreased because of the failure to replace damaged meters. Whereas WSS Peshkopi has reported an increase in the total number of connections, as a result of the expansion of the service area, but on the other hand, there is a decrease of the metering ratio because these customers belong to the unmetered service. The company is expecting the implementation of the Austrian Government project, which will start by the end of 2014, and foresees the rehabilitation of the entire internal water supply system for the town of Peshkopia and the installation of meters for all consumers.

Third group of companies:

The metered service for the companies in this group during 2013 has shown low levels. Apart from WS Divjakë that continues to report 100% metered service, all other companies are below the level of good performance where 23 of them have less than 50% of metered connections. Here are included 6 companies, which do not meter the provided service at all.

However, compared to 2012, seven companies in this group have made progress in the metering ratio. The following companies stand out for the increase of their metering ratio: WS Has with (36.08%) and WS Shkodër Fshat with (20.59%). In addition, the increase of this indicator is also seen at WSS Peqin with (10.91%), WS Ura Vajgurore with (10.31%), WSS Ersekë with (9.27%), WSS Rubik with (6.48%) and WS Bulqizë with (6.22%).

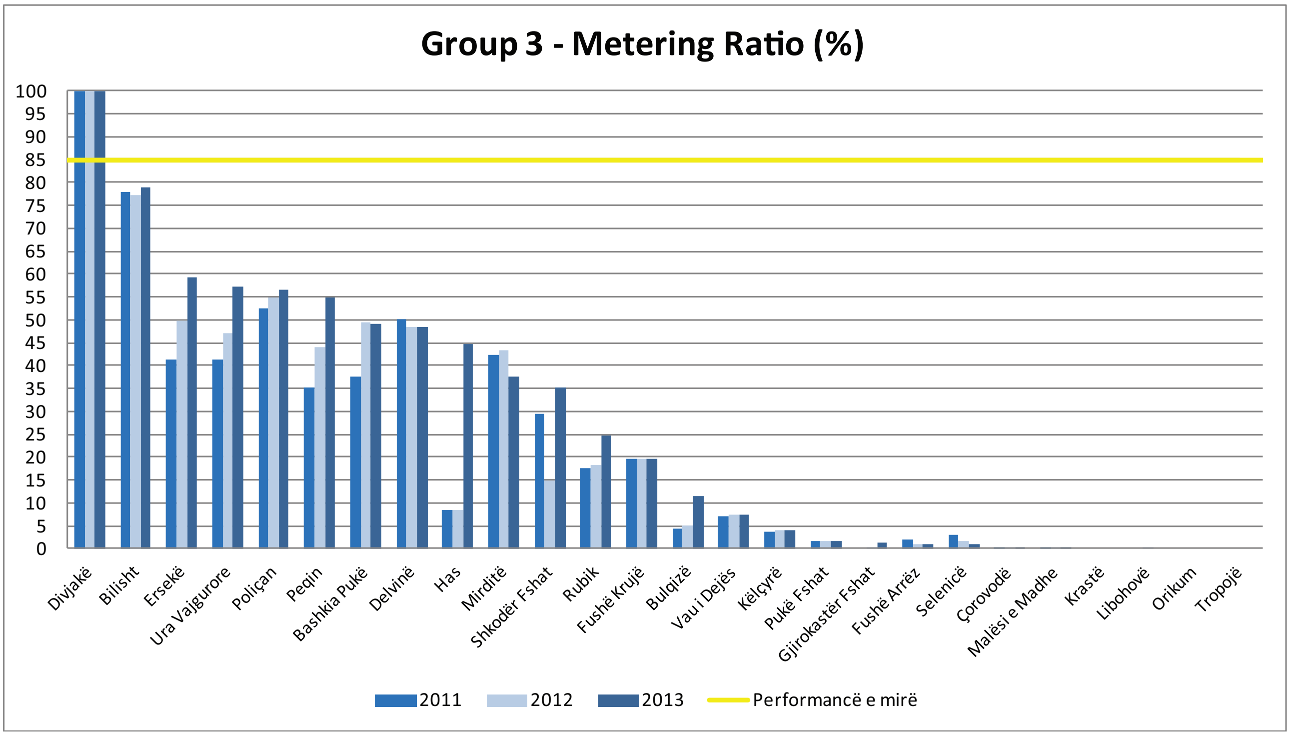


Figure 19. Metering ratio for group 3 in 2013

There was a negative tendency for 9 companies in this group for 2013. The biggest decrease was for WSS Mirditë (-5.68%). Based on the analysis, it results that compared to 2012, the total number of connections has not changed. The number of unmetered connections increased as the decrease of metered connections, which indicates the company has not taken steps to replace the damaged meters. Whereas other companies have declined to very low levels measured from -0.02% to -0.47%.

Conclusions

Based on the analysis of this indicator for all three groups, it turns out that measuring service has increased, but the companies have more work to do to achieve the objectives set by the national strategy (60%) and the Regulatory Authority (85%). Some of the companies are operating on the level of the good performance of this indicator. The second and third group contains companies, mainly small ones, that almost does not provide any metered service to consumers.

The companies in the first and second group possess an average level of metering above 50%, whereas group three average metering ratios does not reach more than 25%, almost half of the first two groups. However, the metered level has had a positive performance for the majority of companies in this group.

Replacement of flat rate billing based on the consumption estimated with real volumetric invoicing will reduce the level of water misuse that currently adds considerably the financial losses of companies. The companies were obliged (based on two Council of Ministers' decisions) that by the end of 2010, they should have finished the meter installations for all non-household customers and the future objective is the installation of meters for all household customers. This has not been realized because there are 14.606 non-household customers in the sector out of a total of 60.179 that do not have any meters installed. In comparison with 2012, the total number of non-household customers has increased with 2.827 customers and these were given meters.

Companies WSS Divjakë, WSS Fushë Krujë, WSS Kavajë, WSS Korçë, WSS Korçë Fshat, WSS Librazhd, WS Lushnjë Fshat, WS Përmet, WSS Pogradec, WSS Pukë, WSS Rubik and WS Vau i Dejës have completed the installation of meters for all business/private connections.

Continually and during 2013, WRA has monitored the situation regarding installation of meters through information and also through inspections to companies. Being a legal obligation, WRA has requested and continues to request the installation of meters for all new connections, to reduce the high levels of unmetered service.

3.7. Water Supply Hours

Water supply hours and its quality remain two of the most important indicators in the water sector, where the consumers are more sensitive towards the changes of this indicator. When these two indicators reach the required level of standards, the consumers will not seek other supply sources. Any improvement of each of them will be noticed and welcomed by the consumers.
To estimate this indicator, we have used the average of water supply hours in a day, an indicator, which in 2013 was 11.5 hours/day, with a considerable increase from 2012 where the average was 10.8 hours/day, but still far from the best performance objective set by the WRA, which is 18 hours a day.

First group of companies:

In this group for 2013, the companies provide 13.66 hours/day of water supply in average. Compared to 2012 this figure was 14.2 hours/day. It can be seen that the drinking water supply has decreased by 0.54 hours/day. In general, (as it can also be seen by the chart) companies in this group have had increases or the same level of supply hours in comparison to 2012, but this decline is a result of inclusion in the first group of WSS Sarandë, due to the expansion of its service area. Only three companies in this group find themselves above the good performance line: WSS Korçë continues to be the only company providing 24 hours/day of water supply, followed by WSS Shkodër and WSS Fier, which provide respectively 21.57 and 20.21 hours a day, being improved compared to 2012.
Two of the companies providing water supply under the poor performance line in this group, with less than 8.0 hours/day, are WSS Durrës, providing 7.55 hours/day and WSS Sarandë with 4.79 hours/day.

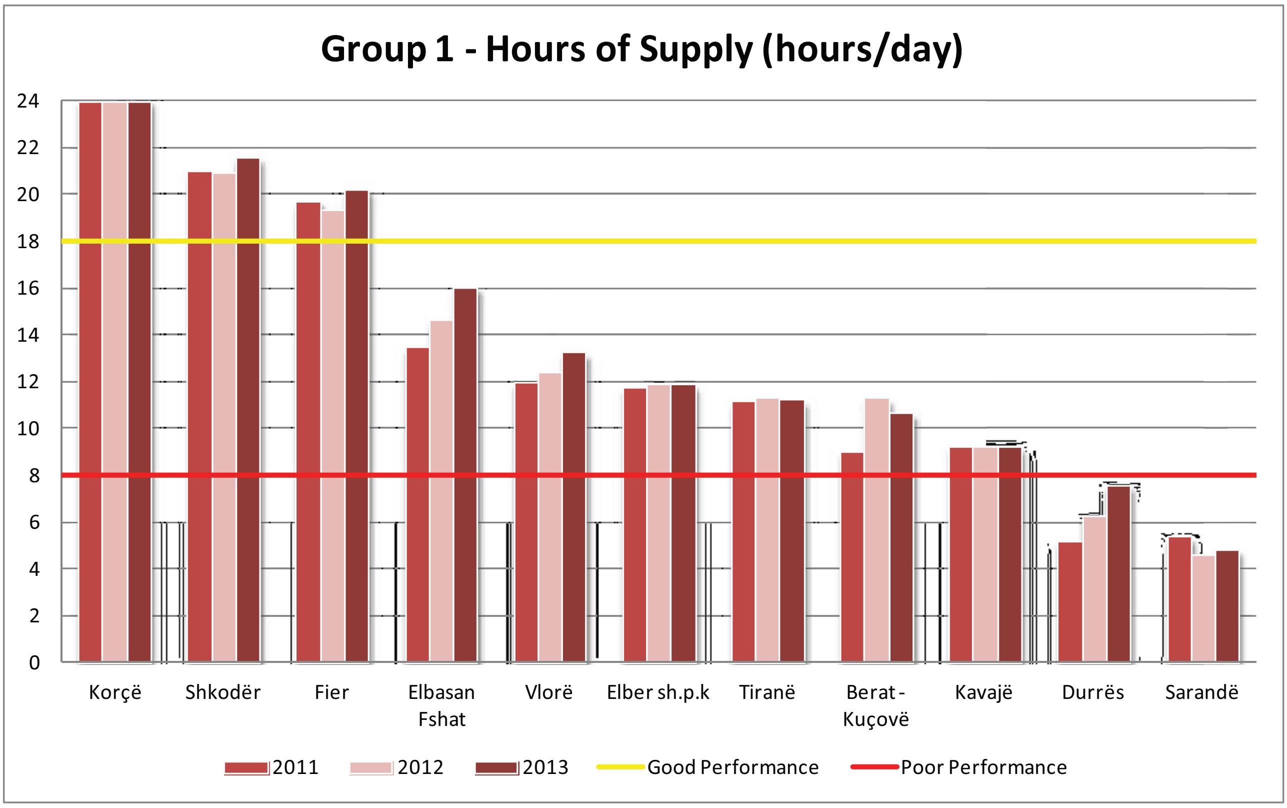


Figure 20. Water supply hours for group 1 in 2013

It is worth mentioning that WSS Durrës has had an increase of 1.34 hours/day of water supply from 2012 and 2.43 hours/day compared to 2011, but it has still remained below the limit line of poor performance. The level for this indicator for WSS Sarandë, compared to 2012 has increased very slightly to 0.23 hours/day of water supply. However, this company remains below the limit of poor performance of this group.

Regarding other companies in this group, the performance of this indicator is to be appreciated because there have been positive changes from year to year. During 2013, 7 out of 10 companies in the first group have made improvements concerning the increase of the service supply hours. Compared to 2011, WSS Elbasan Fshat has recorded the biggest improvement with 2.6 hours a day. WS Kavajë has not changed by staying at 9.2 hours of supply in a day from 2012 to 2013.

Second group of companies:

Second group companies for 2013 provide in average 11.85 hours of water supply a day, whereas for 2012 this figure was 11.3 hours of supply, increasing by 0.55 hours compared to one year ago. 4 out of 18 companies in this group have managed to achieve the level of good performance for the continuous supply: WSS Librazhd, WSS Pogradec, WSS Lezhë and WS Gramsh. WSS Librazhd is the best performer in this group with 24 hours a day of provided service. In this group, the biggest increase of this indicator for 2013 was realized by WSS Peshkopi with 4.09 hours a day more and WS Përmet with 3.31 hours a day more.

In this group, the indicator level for 6 companies in this group is below the poor performance level (8 hours/day) WSS Lushnjë Fshat, WSS Krujë, WSS Lushnjë, WS Kurbin, WS Patos, and WSS Gjirokastër. The poorest performer in this group is WS Patos, where consumers are supplied only with 2.8 hours a day.

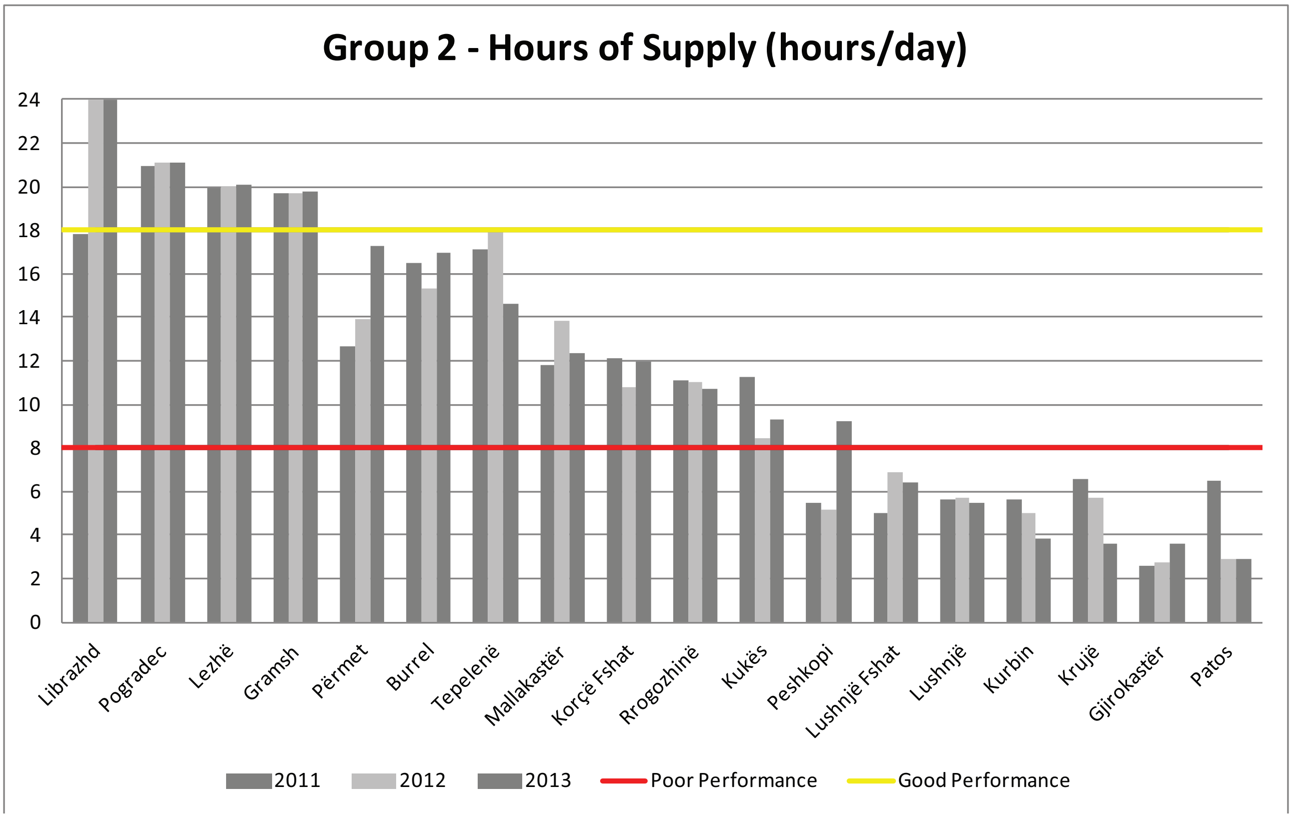


Figure 21. Water supply hours for group 2 in 2013

For four companies in this group, there were declines of water supply hours. WSS Tepelena has had 3.36 hours less and WSS Mallakastër 1.51 hours/day less compared to 2012, but those companies still remain within the good performance level. This reduction is a result of many repair work during this year made by these two companies.

The companies WSS Krujë and WS Kurbin have had declines since 2012, respectively with 2.1 hours and 1.23 hours a day less, reducing even more the poor performance. WSS Gjirokastër has made an increase of supply hours with 0.83 hours a day more for 2013 but it still remains in the poor performance level.

Third group of companies:

Third group companies provide in average 9.44 hours of water supply a day for 2013, showing a slight increase of supply with 0.14 hours of water a day compared to 2012. WSS Rubik continues to be the best performer of this group for this year as well with 23.8 hours a day just as the best of groups 1 and 2, having an increase of 1.17 hours a day or more than 2012.

The increase seen in this group for 15 companies is to be appreciated, compared to 2012. A drastic increase can be seen for companies WSS Ersekë with 6.95 hours/day more, WSS Municipality Pukë with 6.66 hours/day more, and WSS Fushë Arrëz with 6.83 hours/day more of water supply.

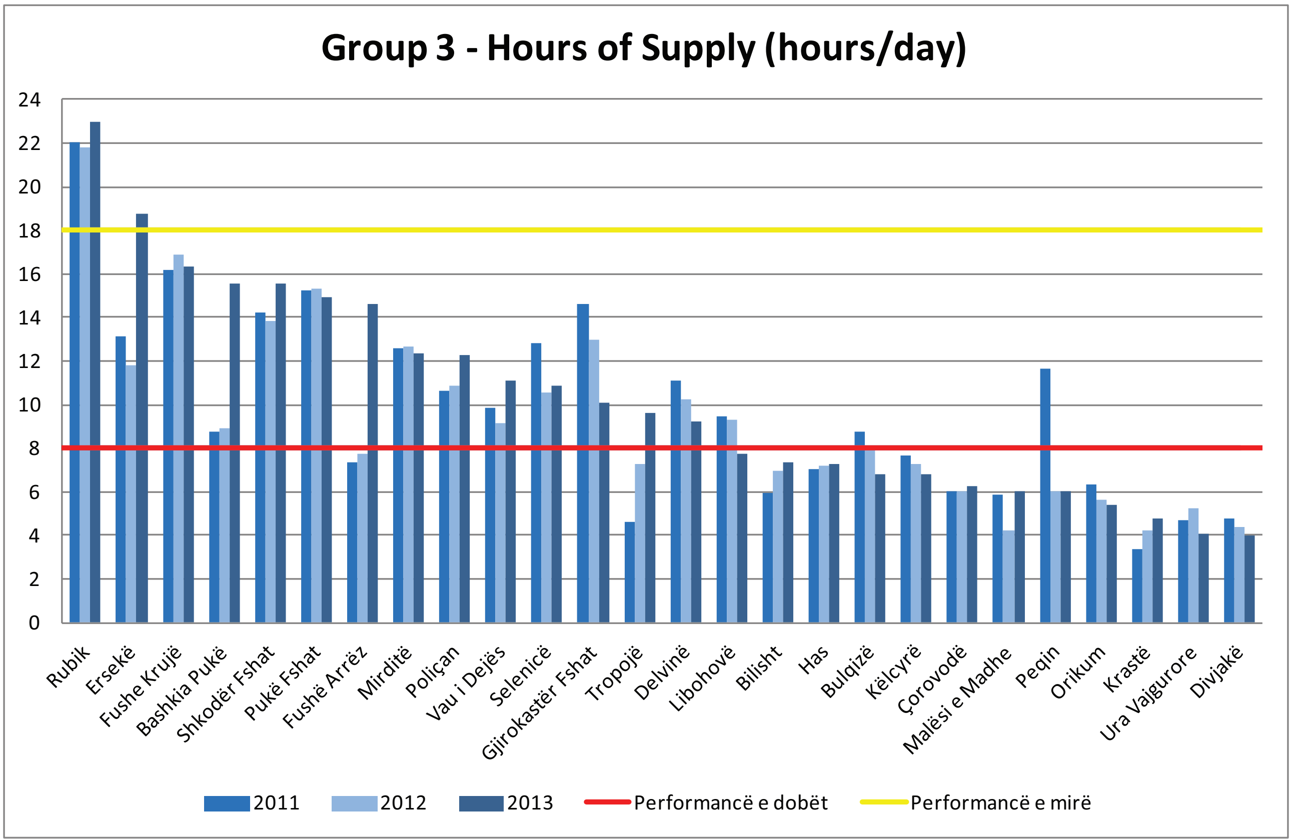


Figure 22. Water supply hours for group 3 in 2013

Companies WSS Rubik and WSS Ersekë are in the limits of good performance. 12 companies are in the limits of acceptable performance with 8 and 18 hours a day of water supply. The company with the poorest performance regarding water supply hours is WS Divjakë with only 3.98 hours a day. Companies Novoselë and Bradashesh have not reported any data.

Companies that have recorded reductions of this indicator compared to 2012 are WSS Fushë Krujë (-0.56 hours/day), WSS Pukë Fshat (-0.42 hours/day), WSS Mirditë (-0.25 hours/day), WS Gjirokastër fshat, which has the biggest reduction in this group with (-2.89 hours/day), WS Delvinë (-1.01 hours/day), WSS Libohovë (-1.54 hours/day), WS Bulqizë (-1.19 hours/day), WS Këlcyrë (-0.45 hours/day), WS Peqin (-0.02 hours/day), WSS Orikum (-0.20 hours/day), WS Ura Vajgurore (-1.16 hours/day) and WS Divjakë (-0.41 hours/day).

Conclusions

Water supply hours for 2013 have been 11.5 hours a day on average, having an increase from 10.8 hours of water supply a day that was in 2012. In spite of this increase, this indicator continues to be below the level of the strategic objective for 2013, which is 14 hours a day, and below the objective level of 18 hours a day set by WRA for a good performance. Consumers continue to resolve the problem of water supply with alternative sources. Based on the analysis of all three groups, it can be seen that the customers of several companies have faced reductions of water supply hours during 2013, a problem that leads consumers, mainly the big ones (private consumers) towards finding other forms of supply. Consequently, the company loses potential customers and reduces the income. For all three groups, the experience of companies with good performances shows that the increase of acceptable levels in water supply hours does not depend only on investments, but it can be achieved even if the company could be managed better.

WRA encourages companies in their efforts to increase sustainability in terms of providing this service. One of the priorities of the WRA continues to be improving the service for the consumers. Both indicators set for assessing the quality of customer service, which are associated with the change of tariffs, are currently water supply hours and drinking water quality.

WRA has set performance objectives for companies regarding these indicators and later on it monitors the performance based on these objectives. WRA will require operators to include these objectives in their business plans to find ways and opportunities for further improvement.

3.8.Drinking water quality

One of the most important indicators of the performance of a company is undoubtedly the quality of drinking water, which is especially important as it is directly related to consumer health. The indicator of drinking water quality analyzes: (i) coliform tests and (ii) residual chlorine, two data that measure the standard of drinking water. WRA receives data about these indicators of drinking water by the reporting of companies and PHI.

PHI through Regional Directorates in 51 municipalities and communes across the country is responsible for controlling the quality of drinking water in this sector. These latter entities take samples at various points of the operator's service area and do the testing of parameters set by them. PHI is the main institution responsible for collecting data from these directorates. In case the quality of drinking water does not result in acceptable levels, Public Health Directorate monitors the companies until the situation is resolved and takes measures so that customers receive prompt information on the situation

In framework of the analysis of the performance of this indicator, WRA is focused on two main parameters to assess the safety of drinking water supply: application of bacteriological standards (coliform) and residual chlorine, which make possible to have a protected consumer and at the same time "qualitative drinking water" according to the standards in place. Any incompatibility with bacteriological standards and the residual chlorine is a danger to public health and reduces the consumer trust.

The absence of coliform bacteria reconfirms the general microbiological safety of drinking water for the public, whereas appropriate levels of chlorine residual show that the water remains adequately protected during storage and distribution. To make this assessment, the WRA has determined that the high and low levels of poor and acceptable performance should be respectively 95% and 90%.

The analysis of this indicator in the previous years has been based on data reported by companies to the Monitoring and Benchmarking Unit (MBU). For 2013, these data were also verified with data from other sources. The information that WRA takes from PHI through "Drinking Water Bulletin" shows that several companies have many polluted points, and even repeated from month to month. The authority entered into a new collaboration agreement to monitor the drinking water quality and exchange of information with the Ministry of Health and Public Health Institute. This agreement aims at extending also to the level of Public Health Directorates in the Districts and WSS companies. The authority aims at improving not only the information to be collected regarding drinking water quality by the companies, but also the improvement by taking measures to increase the drinking water quality.

Based on the data collected by MBU, it results that for 2013 only 6 companies: Korçë Fshat, Gramsh and Divakë, Lushnje, Berat-Kuçovë and Durrës, have a water quality indicator at the level of 95%, which is not confirmed by the PHI results. According to the latter only for December 2013, only 4 out of 58 companies are above the level of 95% for the element of residual chlorine and 39 for the total coliform. This difference is quite different from what was actually tested by PHI. Even though the information from PHI is more credible that that from MBU, this information is still very little because until now PHI monitors only 59% of the population regarding drinking water quality. In addition, the laboratory infrastructure of PHIs is such as to monitor all the elements that are part of the national standard of drinking water quality.

WRA is careful so that licensed companies have as a priority the implementation of adequate procedures so that consumers are kept informed regarding the drinking water quality and the pollution risk. It is also necessary that the sampling and testing procedures on the quality of drinking water are consistent with best practices, i.e. at regular intervals in each of the treatment plants, reservoirs and as a random selection from consumer taps.

Some of the factors affecting the water quality and irregularities in the water supply are: (i) water supply with periodical interruptions, (ii) changes in water pressure, (iii) drilling of pipes for illegal connections (iv) keeping water in deposits, and (v) the pumps installed by the consumer to compensate for the low water pressure in the network.

WRA shall continue to draw the attention of these companies about all key performance indicators related to water quality in order to minimize the risk to public health. WRA aims at estimating the water quality in the performance report 2014 entirely with the data received by PHI as credible information guaranteeing not only accurate information, but also realistic assessment of the company in relation to the quality of water they produce and distribute to the consumers. This is the reason that this report will not make a classification of companies related to this indicator.

3.9. Sewerage coverage

The sewerage coverage indicator is the ratio of the serviced population with the population living in the jurisdictional area of a company. Up to now in the company performance analysis, WRA has estimated only this indicator as the only one of the quantitative indicators that belongs to the wastewater disposal service. The wastewater coverage of the population still remains very small. The level of 51% is not only low, but it continues to be almost unchanged for years in a row. WRA is currently working and considering to define other qualitative and quantitative indicators and sub-indicators that have to do, not only with this important service, but also for the wastewater treatment service. These indicators shall be integrated as part of the assessment of performance of water supply and sewerage companies in the reports for future years.

Regarding the service of wastewater disposal, out of 58 companies only 30 WSS companies that are operating in Albania, provide this service. For the rest of the population, this service is either provided by local government units or is individual, taken care of by the inhabitants themselves through septic holes constructed without the approved technical standards.
Continuous demographic movements make possible that wastewater coverage indicator is not stable for many companies. WRA has decided that the limit for a good performance for this indicator is 75%. Even though the authority has decided on a low level as a targeted objective for good performance, the companies are still far from achieving it.
During 2013 and 2014 in collaboration with GIZ WRA conducted a study to assess the quality and national standards for wastewater monitoring. The conclusion of this assessment was even more alarming about wastewater than drinking water. According to this study the national standards for wastewater exist only for post-processing wastewater and monitored points across the country are very few. The National Environmental Agency as the authority to monitor this sector has a single laboratory, equipped with modern equipment and a trained staff, which deals, inter alia, with the analysis of wastewater discharges. But the agency lacks sufficient capacity to cover the monitoring of the whole country. The Regional Environment Agencies, as dependant institutions, do not have laboratories and the personnel capabilities of these institutions are too limited to control wastewater discharges.

It is currently identified that the urban discharge monitoring network consists of 35-40 monitoring stations (points) in nine areas/towns (rivers and/or coastal areas) covering a population of about 1.318.155 inhabitants or around 37% of the total. These points are controlled 4 times a year or with campaigns during summer time.
The monitoring data regarding wastewater discharges are reported by NEA and are made public once a year through the report "Environmental Situation in Albania" that is published by the Ministry of Environment.

First group of companies:

The companies Elber shpk, WSS Korçë and WSS Tiranë continue to preserve the same coverage scale being the best performers for this indicator.

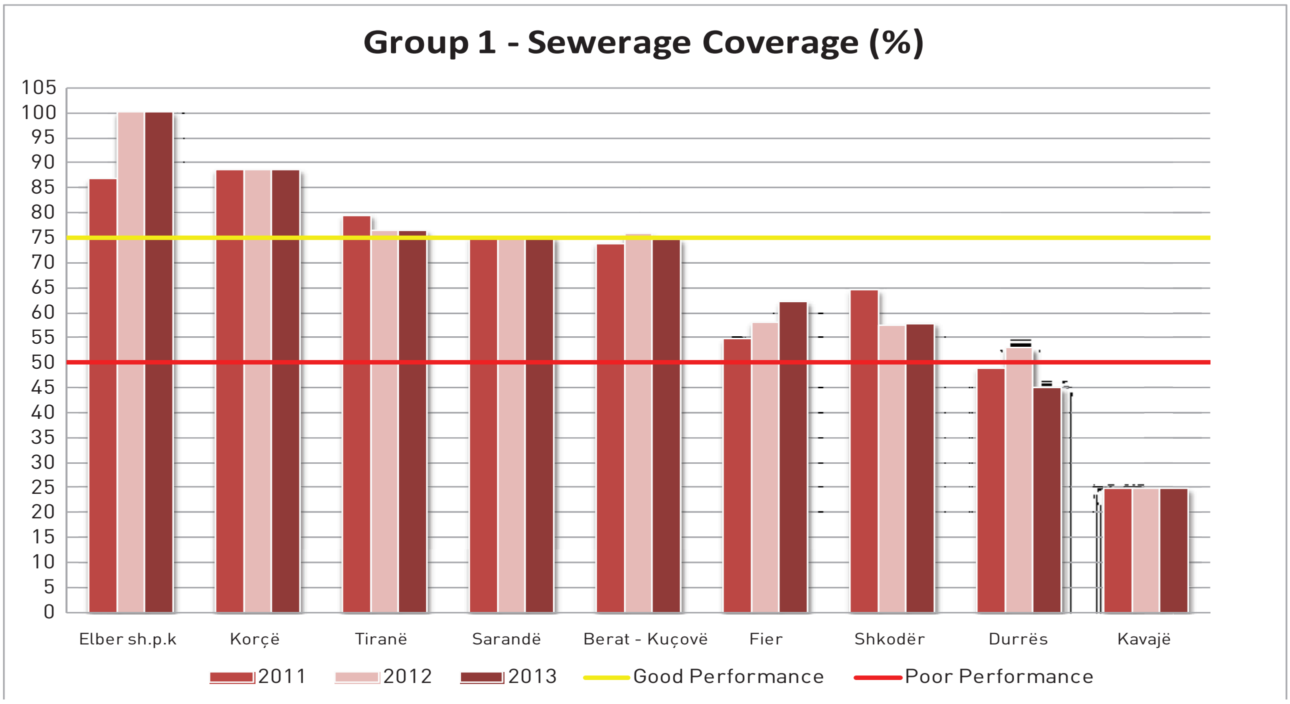


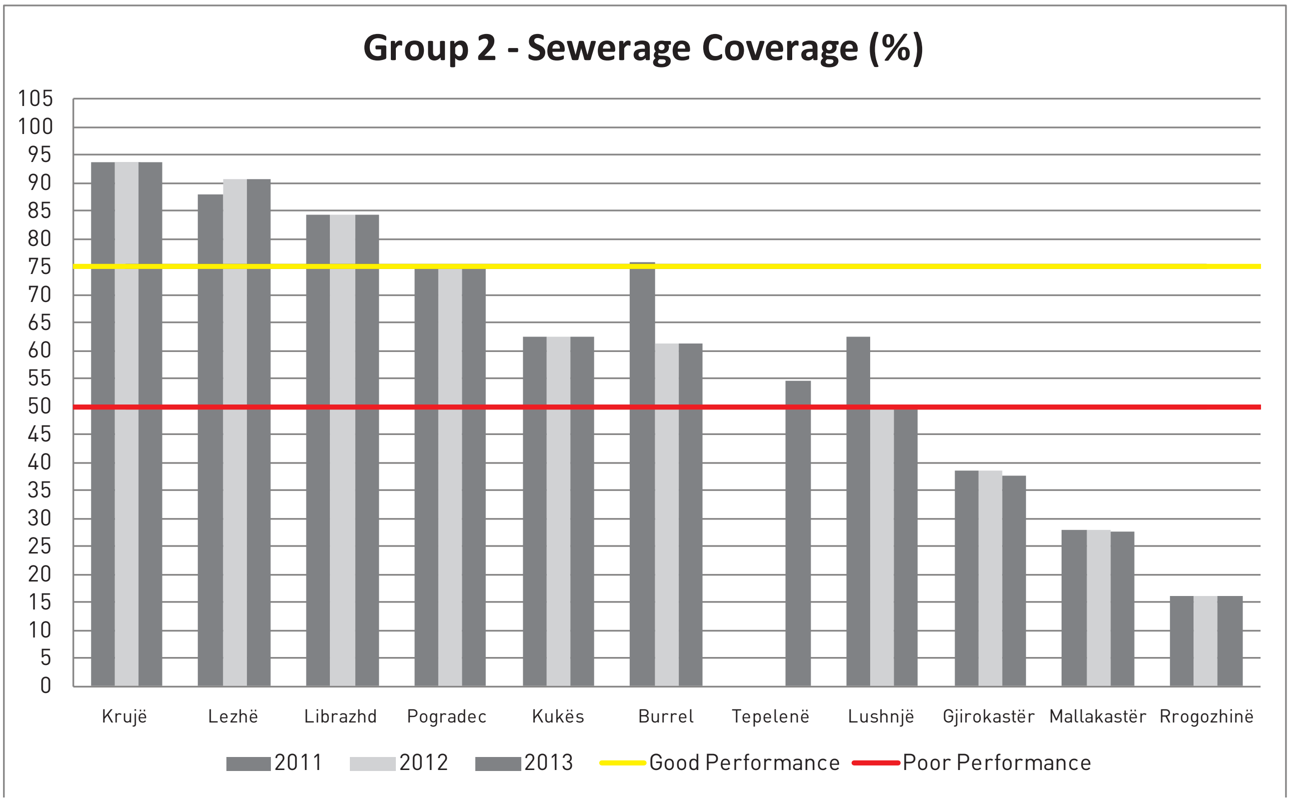
Figure 26. Wastewater coverage for group 1 in 2013

The worst situation is with WSS Kavaja (24.77%) whereas WSS Durrës (48.4%) has suffered decrease of this indicator by 4.44% for the reason of the increase of population in the jurisdictional areas and the reduction of the number of customers (because the company has verified the number of customers with starting of work by the wastewater treatment plant).
WSS Company Fier continues to increase for this year as well, its coverage area by 4.17%, compared to the last three years. This is the only company that has increased the coverage by 7.48%.

Second group of companies

Out of 18 companies in the second group, 10 companies provide wastewater services and only 4 of them WSS Krujë, WSS Lezhë, WSS Librazhd and WSS Pogradec stay at the limit of good performance of 75%.

Figure 27. Wastewater coverage for group 2 in 2013



WSS company Tepelenë (54.58%) reports for the first time about this service. Companies with poor performance continue to be WSS Gjirokastër town (37.75%), WSS Mallakastër (27.5%) and the worst WSS company Rrogozhinë (16.18%).
It is worth mentioning that none of the companies are making any evident attempts to increase the scale of sewerage coverage.

Third group of companies:

In the third group, sewerage coverage is realized only by 11 companies. WSS Erseka in the last three years continues to have the sewerage coverage indicator at the level of 100%, ranking the first in this group. To be congratulated is WSS Delvina, which has expanded its coverage area by 36.61 % compared to the last year.

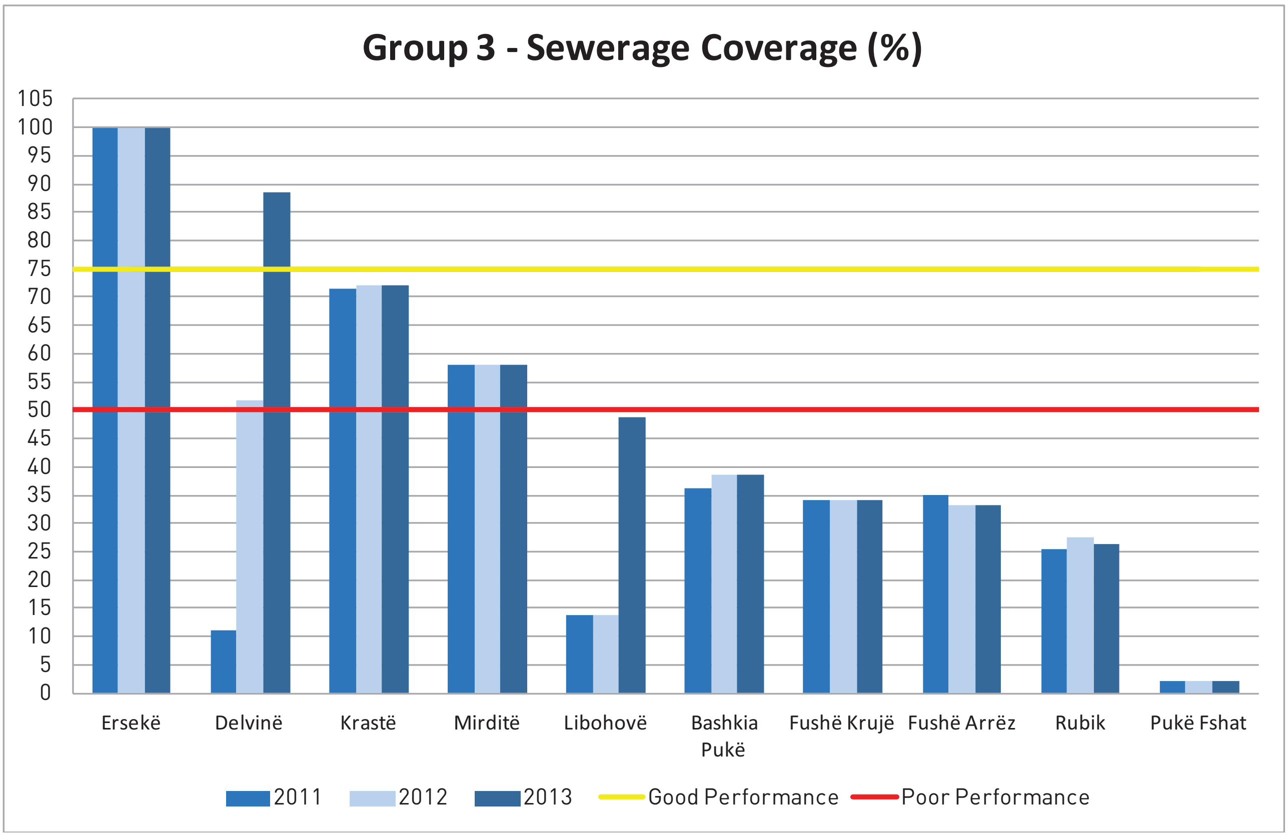


Figure 28. Sewerage coverage for group 3 in 2013

A considerable increase of this indicator by 34.91% was recorded by WSS company Libohovë, but as it can be seen by the chart, there is still work to be done to approach the limit of good performance. With very poor performance continue to be the companies WSS Pukë Fshat (2.08%), WSS Rubik (26.48%), WSS Fushë Arrëz (33.33%), WSS Fushë Krujë (34.1%), WSS Bashkia Pukë (38.73%) and WSS Libohovë (48.73%).

Conclusions

The situation in the sewerage system continues to be almost the same. During this year the companies have not made investments to expand the sewerage network and consequently the coverage scale with services in the sector has not changed. The coverage percentage in the country continues to be 51%.

Regarding the wastewater treatment, several problems can be seen. The treatment plant in Vlora has been constructed for 7 years and it's still not operational. The plants in the areas of Lezhë-Shëngjin and Saranda have not started functioning yet as a result of the failure of timely coordination of construction work for the plants and the sewerage network that will send waste water to these plants.

3.10. Regulatory Perception

In implementation of Law no. 8102, dated 28.03.1996, "On the regulatory framework of the water supply and waste water disposal and treatment" as amended, WRA intends to guarantee and protect the public interests and to create a transparent legal and regulatory environment. The indicator "Regulatory Perception" estimates the scale in which WSS companies fulfill and meet WRA requests in the achievement of the regulatory mission. To make the assessment for this indicator, we have taken into consideration four main aspects showing how water supply and sewerage companies have met their obligations provided in the regulations and legislation in force and how active they were in this process.

Maximum general assessment is 100 points. Each of the following aspects is given a maximum of 25 points:

- Licensing: when the company operates with a valid license from WRA;

- Tariff approved by WRA: when the company operates with approved tariffs from WRA;

- Regulatory payments: when the company has made the regulatory payments towards WRA in time and with full amount (maximum 25 points, with partial points if payments have not been made completely);

- Communication with WRA: if the company has been answering to the different pieces of information, requests or notifications made by WRA (maximum 25 points when all the answers were given completely and in time).

Table 6 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 this indicator.

Companies			Licensing	WRA approved tariff	Regulatory payments	Communication with WRA	TOTAL POINTS
Group 1	WSS	Korçë	25	25	25	20	95
	WSS	Shkodër	25	25	22	15	87
	WSS	Berat-Kuçovë	25	25	11	20	81
	WSS	Tiranë	25	25	3	20	73
		Durrës	25	25	1	17	68
	WSS	Sarandë	25	25	5	12	67
	WSS	Vlorë	25	25	1	15	66
	WSS	Elber sh.p.k	25	25	-	13	63
	WS	Elbasan Fshat	25	25	-	10	60
	WSS	Kavajë	25	25	-	10	60
	WSS	Fier	15	25	3	8	51
Group 2	WSS	Gjirokastër	25	25	25	20	95
	WSS	Lezhë	25	25	17	20	87
	WS	Përmet	25	25	25	10	85
	WSS	Lushnjë	25	25	10	18	78
	WSS	Peshkopi	25	25	6	18	74
	WS	Kurbin	25	25	-	17	67
	WSS	Librazhd	25	25	5	10	65
	WSS	Pogradec	25	25	4	10	64
	WSS	Burrel	25	25	1	13	64
	WSS	Tepelenë	25	25	5	8	63
	WSS	Krujë	25	25	-	8	58
	WSS	Rrogozhinë	25	25	-	8	58
	WS	Lushnjë Fshat	25	25	-	4	54
	WS	Gramsh	15	25	-	13	53
	WS	Korçë Fshat	25	-	-	13	38
	WS	Patos	15	-	-	13	28
	WSS	Kukës	5	-	-	17	22
	WSS	Mallakastër	-	-	-	17	17

Group 3	WS	Bulqizë	25	25	21	20	91
	WSS	Ersekë	25	25	25	15	90
	WS	Orikum	25	25	25	8	83
	WS	Bilisht	10	25	25	10	70
	WS	Tropojë	25	25	-	18	68
	WSS	Rubik	25	25	8	10	68
	WS	Ura Vajgurore	25	25	-	17	67
	WSS	Delvinë	25	25	-	15	65
	WSS	Bashkia Pukë	25	25	-	15	65
	WS	Gjirokastër Fshat	25	25	-	13	63
	WS	Krastë	25	25	-	13	63
	WS	Selenicë	25	25	-	13	63
	WS	Poliçan	25	25	-	10	60
	WSS	Fushë Krujë	25	25	-	8	58
	WS	Shkodër Fshat	25	25	-	8	58
	WS	Çorovodë	25	25	-	4	54
	WSS	Peqin	10	25	-	13	48
	WSS	Mirditë	5	25	-	15	45
	WS	Divjakë	25	-	-	13	38
	WSS	Libohovë	25	-	-	13	38
	WSS	Vau i Dejës	25	-	-	10	35
	WSS	Himarë	25	-	-	5	30
	WS	Novoselë	25	-	-	5	30
	WS	Malësi e Madhe	25	-	-	-	25
	WS	Has	10	-	-	10	20
	WSS	Pukë Fshat	-	-	-	13	13
	WSS	Fushë Arrëz	5	-	-	5	10
	WS	Këlcyrë	-	-	-	5	5
	WS	Bradashesh	-	-	-	-	0

Table 6. Regulatory Perception: performance points according to groups

Licensing

According to the governing legislation, every company providing the water supply and wastewater disposal and treatment should be granted by WRA the relevant license. The license is the main instrument guaranteeing that the company has the ability to provide the service according to the approved standards. The company is obliged to observe the conditions, which are subject to monitoring from WRA. For this reason, WRA has made attempts to urge local government unit so that they provide services through licensed companies. The results show that the sector is performing well in this direction.

The licensing process includes not only granting licenses to unlicensed companies, but also the renovation of the license, after expiry of the validity term.

Apart from WS Këlcyrë and WSS Pukë Fshat that are still operating without a license, WSS Mallakastër, WSS Fushë Arrëz, WS Bilisht, WSS Fier, WSS Gramsh, WS Has, WSS Kukës, WSS Mirditë, WSS Patos, WSS Peqin are companies, whose license validity term has expired in 2013. These companies have made the proper attempts to renovate licenses in due time. WRA has continually monitored the licensing situation in the sector and has been trying to bring to the attention of companies the observation of licensing conditions. The up to date experience has shown that several companies, mainly small ones, cannot be granted a license because they do not meet the legal criteria of licensing. WRA is trying to find the correct solutions for the problems. In the future, WRA will intensify work to monitor the license condition applications by the licensees. When the regulator concludes that the licensee has not applied the License Conditions, it will take other measures within the scope of its authority, to protect consumer interests.

Tariffs approved by WRA

In 2013, for 45 companies, the invoicing of water supply and sewerage service was carried out based on tariffs approved by WRA. This year WS Bulqizë applied for the first time the tariffs approved by WRA. WS Korçë Fshat, WS Patos, WSS Mallakastër, WS Has, WS Vau i Dejës, WS Malësia e Madhe, WSS Libohovë, WS Divjakë, WSS Fushë Arrëz, WS Këlcyrë, and WSS Pukë Fshat and WSS Himarë operate with tariffs that are not approved by WRA. The Regulatory Authority shall continue to urge these companies to start functioning within the legal framework. First to get the license because only companies licensed by WRA to provide services can apply for approval of tariffs. However, within the group of companies that are still applying unapproved tariffs by WRA, a part of them has valid licenses. WRA will continue to urge these companies to submit their applications for the approval of tariffs. In application of the Methodology "On the Setting of Tariffs", the approval of tariffs for companies that are applying for the first time is done with an accelerated procedure.

Regulatory payments

Regulatory payments are obligations of companies that are operating in the WSS sector towards WRA, provided by law no. 8102, dated 28.03.1996 and signed by the parties in the contract of application for service tariffs.

The law has provided that regulatory payments from companies are a financing source for WRA, whose annual expenses are approved by the Council of Ministers.

Unfortunately, WRA finds that, regarding the performance of contractual and legal obligations, the behavior of companies for several years is characterized by considerable negligence and irregularities.

The situation of regulatory payments in 2013 is not at all well, becoming a continuous concern for the Authority. During the year the problem has been considered and analyzed from time to time, and continuous contacts were kept by companies, analyzing the volume of work for each of them. In conclusion of this analysis, we have concluded that:
The authority has applied the principle of equality between companies in determining the regulatory payments,
Collections of regulatory payments for several years cover only 70% of the annual operational expenses of the Authority.
Failure of performance of obligations in accordance with the contract is a violation of law and it increasingly aggravates the burden of companies.
For every customer, the annual regulatory payment is approximately ALL 103, whereas the liquidated payment is ALL 62.4.
Companies that have liquidated the regulatory payment in 2013, in full compliance with the contract, are: WSS Korçë, WSS Gjirokastër, WS Përmet, WS Orikum and WS Bilisht. In addition, although WSS Shkodër, WSS Lezhë, WSS Bulqizë have not managed to pay the regulatory payment, they are evaluated positively because in years they have observed the contractual obligations.

During this year, there are companies, which in spite of the payments made, have not performed any obligation for this year, such as:
WSS Berat - Kuçovë, WSS Durrës, WSS Fier, WS Vlorë, WSS Kavajë, WSS Sarandë, WSS Burrel, WSS Krujë, WS Tepelenë, WSS Tiranë WSS Lushnjë Fshat, etc.
WRA continually requested and expected the understanding of companies in making the regulatory payments, but in the current situation WRA is decisive to request the performance of all legal obligations until complete liquidation of payments.

Communication with WRA

Through its policy of collaboration and consultation in further development of regulatory instruments, WRA has made possible that companies are made aware and appreciate its role in regulating the sector. The majority of companies have been active participants in this process. During 2013, WRA has been in continuous contact with all companies through requests for information, meetings and consultations for discussion of different issues. Collaboration and understanding to respond to WRA requests is the basis on which the assessment is made regarding communication with WRA. In this direction, not all the companies have had very good communication. No company has received maximum points. WSS Bulqizë is the company getting the best evaluation with 21 out of 25 maximum points.
Whereas companies as: WS Fushë Arrëz, WS Malësi e Madhe, WSS Himarë have shown very little interest towards the Authority requests.

Conclusions

The results of the analysis above show that although there is room for some adjustments concerning licensing and application fees approved by the WRA, the water and sewerage sector is increasingly operating within the regulatory framework. For the other two aspects there is room for improvement. During 2013 the situation regarding the performance of contractual obligations for the regulatory payments is deteriorating. The number of companies that have not paid the bills for regulatory fees has increased. Increase of the outstanding value year after year creates problems in liquidation. When talking about the outstanding obligation, we mean not only the obligation of 2013.

WRA appreciates the correctness and attempts from all companies to have a good collaboration. Communication with WRA, although positively evaluated, was not considered equally by all companies. No company has responded to all the requests from WRA. For those companies that for objective reasons do not meet the formal licensing and approval criteria for tariffs and that do not have a good evaluation of the regulatory perception indicator, improvement of performance for this indicator can be realized by increasing the communication and collaboration with WRA.

WSS companies should be more aware about the responsibilities they have to observe the obligations about how to respond in time and in quality to the WRA requests.
The best performer in 2013 regarding the "Regulatory Perception" indicator is WSS Korçë, whose example should be followed by the other companies as well.

4 R4. Ranking of Water Supply and Sewerage Companies according to their performance in 2013

After the analysis of the individual performance of each company for every indicator, this chapter reflects the assessment of the general performance based on the total number of points for each key performance indicator. Based on this assessment, water supply and sewerage companies are ranked according to their general performance.

For the third year in a row, WRA has used the same method of assessment of the company performance. WSS companies, already familiarized with this method of assessment, can look at their position in the ranking, can compare their results with those of other companies. In addition, they can compare their performance results with those of other companies. Also, they can compare their general performance results in years. This method of comparison and the yearly publication of results provide an opportunity of information not only for those, who are experts in the field, but also for a wider public.

Based on the general performance results, WRA has determined the best and poorest performers and those with better performance.
The performance analysis is based on the data reported by the companies. The reported data quality plays an important role in the assessment results. In 2013, WRA could not assess the performance of three companies, which have not reported any data. The problems found both in the reporting of data, inaccuracies and the discrepancies in reporting put forward before the authority the indispensability to intensify work regarding quantity, quality and credibility of the data. In the future, WRA will work with all companies to make possible the reporting of data from all companies and to increase their accuracy.

Ranking of companies, according to the general performance

Before looking at how the companies are ranked based on the assessment of general performance, we are presenting the assessment method in short.

Companies are ranked according to the total performance points calculated based on the assessment from 8 to 10 KPI. Each of the key performance indicators has a specific weight showing its relative importance. Maximum of points that can be reached is 100 points. Every KPI is estimated with a maximum result from 5 to 20 points, depending on its specific weight assigned to it and has its maximum and minimum performance limits. Good performance is considered when the company achieves the level of objectives set by the WRA. In general, if the performance is under this objective, for the encouragement and evaluation step by step of improvements, the assessment is done only by a percentage of the points available. For several indicators like staff efficiency, non-revenue water, collection rate and drinking water quality, the performance on or below the minimum acceptable level of objectives set by WRA is estimated with zero points. The point system is presented in table 7.

<table>
<tr><th colspan="2" rowspan="2">Key Performance Indicators</th><th colspan="2">Performance Objective</th><th>Specific weight</th><th rowspan="2">Maximum Points</th></tr>
<tr><th>Full points</th><th>0 points</th><th>Total 100%</th></tr>
<tr><td colspan="2">1 - O&M cost coverage</td><td>≥ 100%</td><td>0%</td><td>15%</td><td>15</td></tr>
<tr><td colspan="2">2 - Total cost coverage</td><td colspan="4">Not included in giving points</td></tr>
<tr><td colspan="2">3 - Collection rate</td><td>≥ 82%</td><td>≤ 60%</td><td>20%</td><td>20</td></tr>
<tr><td rowspan="3">4 - Staff efficiency (Staff per 1000 connections)</td><td>Group 1</td><td>≤ 4</td><td>≥ 6</td><td rowspan="3">5%</td><td rowspan="3">5</td></tr>
<tr><td>Group 2</td><td>≤ 6</td><td>≥ 10</td></tr>
<tr><td>Group 3</td><td>≤ 10</td><td>≥ 15</td></tr>
<tr><td colspan="2">5 - Non-revenue water</td><td>≤ 30%</td><td>≥ 50%</td><td>15%</td><td>15</td></tr>
<tr><td colspan="2">6 - Metering ratio</td><td>≥ 85%</td><td>0%</td><td>15%</td><td>15</td></tr>
<tr><td colspan="2">7 - water supply hours</td><td>≥ 18 hours/day</td><td>0%</td><td>10%</td><td>10</td></tr>
<tr><td colspan="2">8 - Drinking water quality</td><td colspan="4">Not included in giving points</td></tr>
<tr><td colspan="2">9 - Sewerage coverage</td><td>≥ 75%</td><td>0%</td><td>5%</td><td>5</td></tr>
<tr><td colspan="2">10 - Regulatory perception</td><td>25 points</td><td>0 points</td><td>5%</td><td>5</td></tr>
</table>

Table 7. The system of ranking of companies: Key Performance Indicators, Objectives, Specific weight for each KPI, points

Ranking results for 2013

In the following table, 55 companies analyzed are ranked according to the points taken for their general performance. As it is clarified before, three companies are not part of this assessment, WSS Himarë, WS Novoselë and Bradashesh, which have not reported data during 2013.

Ranking	Type of activity	Company	Ranking points	Ranking	Type of activity	Company	Ranking points
1	WSS	Korçë	99,40	30	WS	Tepelenë	53,59
2	WSS	Librazhd	96,81	31	WSS	Berat - Kuçovë	51,87
3	WSS	Pogradec	86,81	32	WSS	Kukës	51,43
4	WS	Përmet	82,05	33	WS	Bulqizë	50,86
5	WSS	Rubik	78,96	34	WSS	Peqin	50,71
6	WSS	Burrel	77,70	35	WSS	Mallakastër	50,62
7	WSS	Tiranë	77,18	36	WSS	Shkodër	50,59
8	WS	Delvinë	76,72	37	WS	Peshkopi	48,36
9	WS	Elbasan Fshat	74,80	38	WSS	Durrës	48,14
10	WSS	Ersekë	73,60	39	WS	Këlcyrë	45,69
11	WS	Gramsh	71,02	40	WS	Poliçan	45,27
12	WSS	Bashkia Pukë	70,01	41	WS	Vlorë	38,94
13	WS	Divjakë	69,87	42	WSS	Selenicë	38,88
14	WSS	Lezhë	67,79	43	WS	Gjirokastër Fshat	37,63
15	WS	Bilisht	67,08	44	WSS	Pukë Fshat	37,29
16	WSS	Lushnjë	65,97	45	WSS	Mirditë	36,95
17	WSS	Rrogozhinë	65,71	46	WS	Patos	34,62
18	WSS	Elber sh.p k	65,12	47	WS	Shkodër Fshat	33,69
19	WSS	Sarandë	65,07	48	WS	Tropojë	32,42
20	WSS	Kavajë	63,25	49	WSS	Fushë Arrëz	31,69
21	WS	Lushnjë Fshat	62,34	50	WS	Has	31,13
22	WS	Ura Vajgurore	60,49	51	WS	Kurbin	27,50
23	WSS	Libohovë	60,46	52	WS	Vau i Dejës	25,38
24	WSS	Fushë Krujë	59,91	53	WS	Orikum	24,92
25	WSS	Krastë	59,56	54	WS	Çorovodë	22,66
26	WSS	Fier	57,22	55	WS	Malësi e Madhe	19,62
27	WSS	Gjirokastër	56,54	56	WS	Bradashesh	-
28	WS	Korçë Fshat	56,44	57	WSS	Himarë	-
29	WSS	Krujë	55,93	58	WS	Novoselë	-

Table 8. Table of ranking of companies

Best performers

Based on the ranking of each group, the companies with the best results are those that are ranked in the first two places. The best performers in each group are given a prize by WRA. In spite of the result, the prize could be taken only by companies, who operate in compliance with the regulatory framework, thus, having a valid license and tariffs approved by WRA. For 2013, the companies with the best results are presented in table 9.

Ranking	Group 1		Group 2		Group 3	
	Company	Ranking points	Company	Ranking points	Company	Ranking points
1	Korçë	99,40	Librazhd	96,81	Rubik	78,96
2	Tiranë	77,18	Pogradec	86,81	Delvinë	76,72

Table 9. Best performers in the Ranking of Companies for 2013

In the first group, WSS Korçë is the company with the best performance. This company heads the list of ranking of companies, according to the general performance for the third year in a row. The difference from the maximum of points is only 0.6 points. WSS Tiranë is ranked in the second place, but with a difference of more than 20 points from the first place. In the second group, the first is WSS Librazhd, followed by WSS Pogradec placed in the second place. In the third group, according to the assessment points for the general performance, for good performance the first company is Rubik and the second with a small difference (about 3 points) is the company of Delvina.

Companies with the best performance in time

Along with the assessment for the best performers, an assessment based on the results achieved in 2013, WRA gives a prize to companies that try to improve their performance. Their good work performance has brought more points compared to one year ago.

Although it's difficult for many companies to reach the first ranking places also because of external factors, the organization and the condition of their system, they have made progress in their work compared to a year ago. To assess these changes of performance, the points and the assessment of general performance in 2013 are compared to those of 2012. For each group, the company with the best progress was given the prize for the best performance. Table 10 below shows "the best performing companies" in each of the groups.

Company		Ranking in group	Ranking points 2012	Ranking points 2013	Difference in ranking points
Group 1	Shkodër	36	47,89	50,59	+3.17
Group 2	Burrel	6	67,39	70,70	+10.31
Group 3	Ersekë	10	66,29	73,60	+7.30

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

These companies, although not ranked in the first places of the assessment of general performance, have made the best progress compared to one year ago. In the first group, WSS Shkodër, ranked as 36, has the best performance with 3.17 points more than in 2012. In the second group, WSS Burrel has the best performance with 10.31 points more than a year ago, despite ranking in the 6th place. In the third group, the best performance was achieved by WSS Ersekë with 7.30 points more compared to 2012.

This year, the Regulatory Authority has decided to give two special prizes as an appreciation for special contribution in the performance of the water supply and sewerage sector. This appreciation comes as the gratitude of managerial attempts for very evident improvement of the WSS Company and the service to the consumer or as a useful technical support in drafting strategies, instruments or means in general to increase sustainably the water supply and sewerage sector in Albania.

Fatmir Shehu – Director of WSS Berat - Kuçovë
Hermann Plumm – GIZ Project Director "Water Sector Reform in Albania"

Congratulations and Perspective

WRA congratulates all the companies that in 2013 have managed to stand out for good performance and those that have tried to improve their performance by bringing important changes in their performance. For these companies, it is important to continue to work so that they can keep and advance on the achieved results.
These companies are good examples for other companies as well. The experiences of the best show that good management means a good service to consumers. WRA will continue to urge and support all companies in the improvement of the service towards consumers.

5 Special topic for 2013: drinking water balance sheet

One of the most serious problems in the WSS sector is the high level of non-revenue water, which is connected directly to the financial sustainability of water supply and sewerage companies and the quality of service towards the consumers. The high level of losses gives a negative influence on the company's financial situation because it increases costs because more water than is needed is produced. In addition, no potential income sources are identified by illegal users, who are not invoiced any water. On the other hand, the high level of losses influences the drinking water quality and the continuous water supply for consumers. As it can be seen by the performance analysis for the last 3 years, this indicator is worse, moving far from the set objectives.

Apart from this, WSS companies do not have a unified and original water balance sheet. Several companies calculated only the produced water quantity, which in its best part is not metered but estimated, and the invoiced water quantity. Several of them having projects with donors in the WSS sector use the IWA balance table, whereas others have their calculation tables. In the framework of these problems in the sector, where there is no authentic information on the water losses and unified data in one reporting method for all companies, WRA undertook a study in all WSS companies on the reporting of detailed data of the water balance sheet.
Water Balance Sheet sent by WRA to be filled in by the companies, contains mainly information regarding:

- Water quantity produced and supplied to the supply system of the service area;
- Water quantity lost due to technical problems of the system of water meters;
- Water quantity lost due to illegal connections or bad administration of the system;
- Water quantity supplied to the clients;
- Water quantity used for public purposes and for particular institutions. This table was associated with an explanatory manual about all components of the Water Balance Sheet and explanations about the calculations of the balance sheet components.

Importance of the Water Balance Sheet

Water Balance Sheet, as a unified model for all companies:

- Water Balance Sheet, as a unified model for all companies:
  First, it serves to Companies to find and control continually the problems during the water supply system administration in different parts of it, in order to find relevant solutions in the shortest possible time.

- Since technical losses are directly related to investments, the company, along with potential investments, can focus towards reduction of administrative losses, which will lead to a reduction of the non-revenue water level in total. To realize this, Water Companies should aim at continuous metering of water productions that are required during the completion of this Balance Sheet through the installation of water meters in the places of its production, zonal meters, etc.

- At the same time, Water Balance Sheet filled in by the Companies will be an instrument that will serve to WRA providing detailed information regarding non-revenue water, so that it can have accurate data at the moment of applying for a tariff and in the determination of company objectives, and the owners (local government units) and other interested parties to monitor the performance and quality of service of Water Companies.

Analysis of WSS companies based on the Water Balance Sheets

The initial basis for the analysis was the verification of data on filling in the "Water Balance Sheets" sent by WSS companies, especially separation of general losses into visible losses and technical losses. The verification showed that many companies have not filled in the information with responsibility. In many of them, the value of real losses reported does not coincide with the technical condition of water supply systems and consequently the reported data on company administrative losses are not accurate. This problem was seen in all three groups of companies, but it was more stressed in the second and third group companies. To verify the data, a comparison was made with the data sent to the monitoring unit at WSSGD, for indicators like population in a jurisdiction, population in service, level of losses and produced water quantity. From the comparison, considerable differences came out and this highlighted the fact that companies have many problems with their database and the manner how they calculate and elaborate the data.

The detailed data analysis of Water Balance Sheet for each company was mainly based on the volume of general losses and the real and visible losses, focusing more on the visible losses. The companies of the first and second group were analyzed in detail, being the companies covering the majority of the territory and take up the biggest percentage of general loses. In spite of the problems in keeping the data and their reporting, this detailed analysis showed that the biggest part of the losses are visible losses and this shows that losses come from a bad management of these companies. The average of general losses in 2013 for the first group is approximately 70%, out of this 46 % are visible loses and 24% are real losses. In the second group, the average of general loses goes to 64%. From this, half of it is visible losses, whereas the other part is real losses.

Results and Recommendations

Based on the analysis of the data presented by the companies themselves regarding Water Balance Sheet, the following problems were seen:

- Total of losses is very high, surprisingly first group companies (the big ones) have higher losses than the second group companies (group II);
- The biggest part of the losses (around 50%) are losses coming as a result of bad management, whereas the other part 20-24% are real loses (or technical ones).
- The companies have problems in the understanding of basic technical concepts such as the integral elements of the water balance sheet;
- Reporting of data regarding sub-indicators of water balance sheet as: produced water,

  distributed to customers, consumption, service coverage area, etc. from the companies themselves as part of this water balance sheet differ visibly in comparison to what the companies report to the MBU;
- Companies had inaccuracies in filling in the water balance sheet table, especially in the precise presentation of the general losses, in visible and real losses. This inaccuracy is seen especially in the second and third group companies.

The main factor aggravating more the situation of losses is the inaccuracy of reported data, which does not make possible a real situation and consequently a real judgment about them. Therefore, above all, companies should work responsibly in collecting and reporting real and accurate data, to create a clearer picture of the technical and management situation of their company, and later on finding the best possible solutions for improvement.
For those companies where metering of production is lacking, it is difficult to compile a water balance sheet with accurate figures and consequently the non-revenue water becomes an estimated indicator. Installation of meters in production points, bulk meters and meters for individual customers is an obligation, which companies should implement. This very important step makes possible not only accurate drafting of water balance sheets and accurate identification of loses according to their types, but also drafting of concrete action plans for their reduction.

On the other hand, replacement of flat tariff invoicing with real volumetric invoicing would reduce the level of water misuse, which actually increases significantly company financial loses. Consumers, especially household consumers, are starting to understand the advantage of metering the consumption because they are able to estimate and control their expenses; therefore the main part of work for the total meter installation belongs to the companies.

In addition, identification, interruption or legalization of illegal connections constitutes another step towards improvement of the situation and helps not only in the correct management of the produced water volume but also in the increase of the income level.
Reduction of visible loses should be a priority in the work of companies. Companies should have clear action plans with concrete commitments for reduction of visible water losses. Based on a simple average calculation, if first and second group companies covering the biggest part of the territory of Albania reduced visible losses only by 50%, by analyzing their data realistically and undertaking several of the above measures, the level of loses in total would be reduced by approximately 13%, thus from 68% to 55%.

Water Balance Sheet will be a periodical initiative of WRA that will continue not only during 2014, but also further in time, becoming already a periodical report. If during 2013, as a first initiative, water balance sheet was mainly analyzed to highlight the problems of companies not only for losses, but also regarding the way how the data are kept or reported, further on this balance sheet will be assessed and analyzed in detail. For this reason, Water Balance Sheet was approved by a decision of NRC no. 46, dated 27.12.2013, as an obligatory normative act for all WSS companies.

The following Water balance calculations will present a detailed analysis of the overall level of measurement, consumption, losses and their classification in order to track and check periodically the problems that occur during the administration of the water supply system, in its various parts. Based on this analysis, WRA will periodically monitor the objectives set for companies, taking measures stipulated in legal acts and bylaws, as well as setting also penalties for those companies that do not respect them.

6 Conclusions and future outlook

Conclusions and future outlook

Protection of consumer interests regarding quality, efficiency and credibility of services, for a reasonable price, constitutes one of the main duties of the Water Regulatory Authority. On the other hand, the main goal of the WRA is to encourage the efficiency and improvement of these services that directly impact consumers.

For the Regulatory Authority, the results of this report will create the main regulatory directions in the future to make possible the fulfillment of its mission and vision.
In spite of all attempts made to reach the needed service quality standards for consumers, many aspects of services provided by companies and their management need essential improvements.

Increase of financial independence and general management

For the third year in a row, water supply and sewerage companies (seen as a market average) manage to cover entirely the operational costs, reaching an average coverage level of 114%. This shows an improvement of the financial situation of companies. However, only 4 companies out of 58 of them can cover entirely the costs (Tirana, Shkodra, Gjirokastra and Pogradec) at a time that total cost average coverage is approximately 85%, which shows that companies still depend on the local and central government subsidies. For a few companies, the financial situation is mostly stable (complete cost coverage) at a time that the majority of small and medium companies still do not cover even half of total expenses of their activity. This is a clear sign that companies should not consider management as a mere administration and organization work issue, but as the only way to make the company able to provide services (possibly for the entire coverage area in continuation). Improvement of management comes from knowing the costs, measures to reduce them, collection of income and well-thought investments. This is also why WRA supports those companies that are improving performance indicators, by setting increasing objectives year by year.

As a way to directly influence on the increase of financial sustainability of companies, WRA has based the approval of the application for tariffs on the analysis of company current situation, achievement of objectives set by the Regulatory Authority and on the need for implementation of business action plans of respective companies. In this way, the tariff is not merely seen as a means through which the company needs to cover its costs, but as a policy instrument to create a stable market.

The experience during approval of tariffs showed that financial improvements can be made immediately, by improving easily the performance indicators as: staff efficiency (number of employees per 1000 connections), increase of collections, water production monitoring, and above all the direction of investments towards those that bring efficiency in electrical power use.

In the second phase of the project "Water Sector Reform in Albania", GIZ is working to address the issue of energy efficiency in WSS companies. The detailed analysis of technical and economic situation of 6 companies shows that modest improvements in the respective companies would bring a visible difference in the reduction of electrical energy costs for these companies.

For the Regulatory Authority, a collection rate of only 82% (average for all companies) of invoices is alarming. There are companies with so low collection rates that informality seems like a normal phenomenon. This brings about the need of installment of electronic invoicing systems and enforcement of performance of obligations, seeking also the support of other public institutions for the improvement of the situation.

The Regulatory Authority will continue to consider the instrument of tariff as an important means to improve efficiency indicators, trying to influence as well the making of investments by the central government through formulas that stimulate WSS companies: "best performers are rewarded".

Improvement of technical indicators of WSS companies

The Water Regulatory Authority is responsible for the licensing of WSS companies, a mandate which the Authority is implementing by estimating economic and technical indicators of companies. Technical indicators are also very important to the Authority during the evaluation of tariff applications because Key Performance Indicators also consist of entirely technical indicators like: metering ratio, non-revenue water, staff efficiency and water supply hours, apart from specific technical requirements that are a condition for the management and technical staff of the company that is being licensed.

High level of water losses is the most serious problem in a sector, which has a negative impact for the financial sustainability of WSS companies but also for the quality of water for human consumption. By reducing water losses, benefits would be comprehensive for companies and consumers. The financial benefits for companies come from increasing the level of invoicing, reducing production or from reducing the need to increase production capacity and improve water quality. For many companies, high levels of this indicator are connected not only with the technical condition of the water supply systems but also with their mismanagement. A first step to improve the situation is the identification, disruption or legalization of illegal connections. Operators should have clear plans of action in terms of concrete commitments to reduce water losses.

WRA has repeatedly demanded the installation of water meters both at the points of production and the individual customers in order to develop the correct balance sheets of water and concrete action plans for reducing them. This will help companies in finding the best possible and less costly solutions.

WRA is monitoring the situation regarding the installation of meters. Results to date indicate that there is still no complete installation of meters for non- household customers, a process that had to be completed in 2010. WRA will continue to require from companies the installation of meters for this category of consumers as well as for all new connections in order to reduce the high levels of service.

Provision of Services

Until the end of 2013, only 81% of the population is covered with water supply services and only 51% receive the sewerage services. The situation is in a ˝status quo˝ for years in a row (unchanged indicators for almost 5 years). Even though the provision of drinking water is improved with less than one hour (in average for all companies) for that part of the population receiving this service, it is provided in a duration of about 11.5 hours, still being far from the objective "uninterrupted water for all the population˝.

On the other hand, drinking water quality, in spite of very qualitative sources of water supply systems is not 100% within national standards for this product that comes mainly from problems of distribution and the lack of a standard procedure for monitoring of drinking water quality from these companies. Drinking water quality is closely related to many other performance indicators, because several of the factors affecting the water quality are related to irregularities in water supply: (i) water supply with periodical interruptions, (ii) changes in water pressure, (iii) drilling of tubes related to illegal connections, (iv) keeping water in deposits, and (v) suction pumps installed by customers to compensate low pressure in the network.

WRA aims to evaluate water quality in the performance report 2014 entirely based on data taken by PHI as credible information that guarantees not only accurate information, but also a real estimation of companies regarding water quality, produced and distributed to consumers.

Sewerage service and wastewater treatment is still far from national objectives and the objectives set by the Regulatory Authority. However, it is worth mentioning that important investments continue for rehabilitation or expansion of the sewerage system.

In addition, important improvements of this service have been made in the quality of service by making operational wastewater treatment plants, which have a direct impact on the environment. There are currently 5 operational plants and others are expected to start functioning. Currently, the urban discharges monitoring network consists of 35-40 monitoring stations (points) in nine areas/ towns (rivers and/or coastal areas) with a frequency 4 times a year or by the campaigns during summer time.

Credibility of data

The Regulatory Authority believes that writing of analysis and provision of solutions is invalid if it is not based on accurate and credible data. The work experience of all these years not only during the process of analyzing the tariffs, but also in cases of preparation of reports for the sector has shown that the information is inaccurate, creating an unclear tableau for each company in itself and for the sector in general.

Two exercises performed by WRA in 2013 highlighted big differences in the data declared by the companies.
First, the data on the drinking water quality showed that only 4 companies out of 47 could provide

water within normal parameters in the element of chlorine. Such result made WRA decide not to use anymore the information taken by WSSGD regarding drinking water quality indicators.
Secondly, the data coming from drafting the water balance sheets, in spite of problems in calculating them and the correct understanding of methodology, were very different from the data that these same companies had declared to WSSGD about water balance sheet components (as: produced water, technical losses, commercial losses, service coverage area, metered service, etc.).

This experience caused WRA to work towards monitoring the sector, setting up initially a credible database as an emergent necessity to increase the sector regulation quality. On the other hand, the authority considers the reporting quality not only as a regulatory function, but above all as the first step to base decision making on the management of companies and further on the drafting of precise national policies for the entire sector.

Future outlook

WRA shall continue to monitor the sector performance in general and also special aspects of this service, the results of which will be made public and will be subject to discussion with the interested parties in order to have a stable improvement of services provided to consumers. In particular, WRA will work to increase the accuracy of data. Control and verification of the reported data will be one of the work priorities for the Regulatory Authority. In addition, key indicators selected for performance assessment in the future will be reviewed so that the assessment of each company could be wide and detailed to highlight the causes and problems related to their level and performance.

2014 will be another progress year for WRA towards an increasing performance in exercising its duty and in the implementation of its mandate and regulatory mission. WRA will continue to undertake initiatives that will be focused on the achievement of its objectives. To identify the starting points for a better efficiency of WSS companies, it is necessary to hold detailed analysis, especially for indicators like: non-revenue water, metering ratio, staff efficiency, energy efficiency and the collection rate. In the future, the Authority will request from WSS companies to support their request for adjustment of tariffs on the basis of their analysis. WRA is working to draft the relevant guidelines as very important instruments, helping companies in this direction.

Assessment of costs for every service provided. For the WRA, division of expenses according to cost centers takes on special importance in determination of necessary and reasonable costs for the provision of any service.
Management of assets. Drafting of plans for asset management enables not only better management of fixed assets, but also reduction of these costs.
Energy efficiency. Reduction of expenses in the energy should be one of the main work directions for companies, because currently these expenses carry a significant weight in the total of costs. WRA supports the GIZ initiative for the training of WSS companies for this purpose, because even modest improvements bring about visible changes to reduction of electric energy costs.
Water Balance Sheet is an important instrument for highlighting, estimating and drafting of action plans for reducing non-revenue water. WRA will continue its work started in 2013 for the completion and analysis of the Balance Sheet from every company.

Undoubtedly Business Plans are the most important instrument towards improvement of WSS company management. WRA supports all those companies that have compiled their business plans and those who are working for this purpose. In addition, the Authority will encourage all other companies working to have their business plans.

In the future, WRA will work to increase and strengthen the independence, transparency, professionalism and collaboration amongst institutions to create the needed balance between service providers, policy makers and consumers.

7 Aneks: Të dhënat kryesore të përzgjedhura

Table 11. Main data regarding companies from three groups

No.	Activity	Company	No. of costumers Water supply	No. of costumers Waster water	No. of staff	Production m3	Sold water m3	Total Billed 000/Lek	Other revenues 000/Lek	Total Collected Amount 000/ Lek	O&M Cost (water+sewerage) 000/lek	Total Cost (water + sewerage) 000/lek
Gruop 1	WSS	Tirane	176,122	159,382	1,358	108,912	33,267	2,392,594	296,005	2,664,298	1,484,743	2,111,515
	WSS	Durres	73,044	46,734	622	27,006	7,825	702,312	65,627	578,515	1,143,874	1,239,153
	WSS	Vlore	41,268	-	241	24,974	5,302	282,358	2,576	163,983	293,781	464,461
	WSS	Elber sh.p k	30,229	13,358	213	14,057	2,757	281,602	7,407	215,477	213,582	293,507
	WSS	Fier	28,404	21,426	358	11,358	4,243	358,417	8,491	250,076	287,686	369,682
	WSS	Shkoder	27,165	24,422	213	12,478	3,910	266,605	5,959	145,199	220,006	256,719
	WSS	Berat - Kucove	25,037	20,991	264	10,508	2,963	204,430	5,766	147,274	154,644	230,128
	WSS	Kavaje	22,953	5,967	201	2,818	1,824	94,254	7,941	68,236	108,477	219,161
	WSS	Korce	20,832	19,825	98	3,277	2,442	267,677	14,839	254,784	176,929	328,809
	WS	Elbasan fshat	17,330	-	223	3,172	2,183	106,459	4,813	97,283	170,818	182,032
	WSS	Sarande	16,218	15,378	88	4,487	1,155	81,948	2,024	63,597	83,223	137,422

Table 11. Main data regarding companies from three groups

No.	Activity	Company	No. of costumers Water supply	No. of costumers Waster water	No. of staff	Production m3	Sold water m3	Total Billed 000/Lek	Other revenues 000/Lek	Total Collected Amount 000/ Lek	O&M Cost (water+sewerage) 000/lek	Total Cost (water + sewerage) 000/lek
Group 2	WSS	Pogradec	14,106	10,466	102	2,337	1,276	105,576	31,116	123,302	75,894	122,201
	WSS	Lushnje	10,716	7,171	128	4,673	1,155	84,233	1,188	69,883	92,722	129,249
	WSS	Gjirokaster	9,238	2,389	93	5,828	1,440	75,784	3,200	71,533	65,279	69,755
	WSS	Lezhe	7,478	7,477	80	2,198	1,127	105,329	3,239	74,932	95,504	132,563
	WS	Korce fshat	5,988	-	50	1,027	667	13,959	48	12,824	34,531	38,073
	WS	Lushnje fshat	5,835	-	79	565	399	26,342	42	18,082	47,372	54,104
	WS	Kurbin	5,742	-	117	4,097	1,219	51,357	265	33,750	100,737	104,554
	WSS	Kukes	4,973	3,434	71	965	796	30,897	328	17,415	37,805	51,155
	WSS	Librazhd	4,780	4,447	63	703	541	33,783	3,000	33,098	33,447	40,072
	WS	Patos	4,652	-	112	2,282	1,302	36,435	239	27,381	141,192	187,392
	WSS	Rrogozhine	4,128	1,636	32	457	290	10,004	-	7,746	18,080	25,120
	WSS	Burrel	4,080	3,214	46	1,412	534	21,472	49	19,488	15,569	23,669
	WSS	Mallakaster	4,012	1,515	85	-	474	27,965	146	22,053	64,439	70,560
	WSS	Gramsh	3,949	-	52	1,020	668	26,085	-	22,738	25,927	35,500
	WSS	Kruje	3,574	3,045	39	1,144	414	20,842	534	14,372	19,013	39,537
	WSS	Tepelene	3,537	1,775	70	929	444	25,675	213	19,112	36,969	48,800
	WSS	Peshkopi	3,426	-	39	1,633	725	25,285	60	17,672	20,096	27,654
	WS	Permet	3,287	-	38	451	309	18,396	867	17,461	20,276	23,645

Table 11. Main data regarding companies from three groups

No.	Activity	Company	No. of costumers Water supply	No. of costumers Waster water	No. of staff	Production m3	Sold water m3	Total Billed 000/Lek	Other revenues 000/Lek	Total Collected Amount 000/ Lek	O&M Cost (water+sewerage) 000/lek	Total Cost (water + sewerage) 000/lek
Group 3	WSS	Peqin	2,884	-	50	548	419	28,589	-	10,363	39,793	93,748
	WSS	Divjake	2,786	-	38	227	177	9,276	182	8,948	15,237	17,349
	WS	Ura Vajgurore	2,710	-	36	1,100	365	20,413	2,348	21,656	25,899	27,585
	WS	Bulqize	2,684	-	45	813	573	14,777	14	10,683	21,907	33,626
	WS	Bilisht	2,546	-	22	733	282	13,295	1,999	13,390	20,167	21,723
	WS	Delvine	2,366	1,117	32	424	277	21,049	663	16,413	20,593	22,481
	WS	Shkoder fshat	2,287	-	79	1,273	516	21,150	-	11,780	53,836	93,592
	WS	Fushe Kruje	2,150	1,765	36	527	229	9,336	190	8,179	21,137	31,956
	WS	Malsi e Madhe	2,093	-	33	1,420	360	12,921	-	6,355	9,269	20,874
	WSS	Orikum	1,898	-	18	445	222	8,111	302	4,052	26,476	28,444
	WS	Corovode	1,761	-	33	571	237	8,862	-	4,370	20,576	33,762
	WS	Erseke	1,664	1,664	20	575	195	11,125	1,642	11,362	11,236	13,510
	WS	Polican	1,600	-	38	562	213	11,142	-	7,793	24,785	29,202
	WSS	Tropoje	1,516	-	31	1,295	315	12,681	60	3,704	13,738	17,218
	WS	Selenice	1,506	-	11	455	131	4,876	-	3,356	11,239	11,755
	WS	Has	1,361	-	31	544	282	8,675	-	2,606	17,646	21,498
	WS	Mirdite	1,200	1,094	27	912	258	17,491	-	9,912	28,036	30,460
	WS	Bashkia Puke	1,117	1,114	20	360	150	7,871	-	8,688	9,683	24,363
	WSS	Kelcyre	1,002	-	14	636	107	5,229	46	4,713	8,302	9,206
	WSS	Vau i Dejes	911	-	8	595	176	5,131	-	2,858	11,912	13,412
	WS	Libohove	783	567	7	183	128	3,909	-	2,966	8,934	10,668
	WS	Fushe Arrez	560	505	9	536	110	3,896	1,067	3,386	6,663	17,175
	WSS	Rubik	534	510	12	128	111	4,692	52	5,356	5,974	6,437
	WSS	Puke fshat	523	78	19	420	127	2,511	-	1,877	8,292	11,625
	WSS	Kraste	413	353	12	166	104	3,252	-	2,993	5,290	16,154
	WSS	Gjirokaster fshat	132	-	10	456	366	1,358	-	767	5,612	7,316
	WSS	Novosele	-	-	-	-	-	-	-	-	-	-
	WS	Bradashesh	-	-	-	-	-	-	-	-	-	-
	WSS	Himare	-	-	-	-	-	-	-	-	-	-

Tabela 12. Tarifat e ujit të pijshëm dhe kanalizimeve

No.	Activity	Company	No. of costumers Water supply	Drinking Water Tariffs (lek/m3)			Service Tariff (ALL/connection/ month)	Sewerage Tariffs (ALL/m3)		
				household	budgetary	Private		household	budgetary	Private
Group 1	WSS	Tiranë	176,122	45	120	135	100	11	30	35
	WSS	Durrës	73,044	58	110	120	100	35	50	50
	WS	Vlorë	41,268	30	60	80	80	11	13	13
	WSS	Elber sh.p k	30,229	38	115	130		8	25	30
	WSS	Fier	28,404	52	100	120	200/200/200	13	16	18
	WSS	Shkodër	27,165	40	110	110	100	15	20	20
	WSS	Berat - Kuçovë	25,037	42	120	120	100/200/200	10	18	20
	WSS	Kavajë	22,953	38	80	100		15	20	20
	WSS	Korçë	20,832	60	105	140	100	30	50	50
	WS	Elbasan Fshat	17,330	36	110	110	100			
	WSS	Sarandë	16,218	44	120	120	100	16	25	25
Group 2	WSS	Pogradec	14,106	22/62	37/111	37/111	200+100/400+100/400+150	11./33	12./36	12./36
	WSS	Lushnjë	10,716	52	120	130	100/200/200	14	18	20
	WSS	Gjirokastër	9,238	38	112	124	50/50/50	8	14	14
	WSS	Lezhë	7,478	55	120	130	150/200/200	14	18	22
	WS	Korçë Fshat	5,988							
	WS	Lushnjë Fshat	5,835	60	70	100				
	WS	Kurbin	5,742	30	80	120	50			
	WSS	Kukës	4,973	25	60	80		7	15	20
	WSS	Librazhd	4,780	38	100	100		13	22	23
	WS	Patos	4,652							
	WSS	Rrogozhinë	4,128	48	90	100	50/100/100	10	12	12
	WSS	Burrel	4,080	23	60	80		2	4	6
	WSS	Mallakastër	4,012							
	WS	Gramsh	3,949	32	90	90				
	WSS	Krujë	3,574	33	80	80		8	12	12
	WS	Tepelenë	3,537	33	100	120		12	20	20
	WS	Peshkopi	3,426	27	65	85				
	WS	Përmet	3,287	40	110	120	100/100/200			

Tabela 12. Tarifat e ujit të pijshëm dhe kanalizimeve

	WSS	Peqin	2,884	30	90	100	50			
	WS	Divjakë	2,786							
	WS	Ura Vajgurore	2,710	40	90	100				
	WS	Bulqizë	2,684	17	55	75	100			
	WS	Bilisht	2,546	38	100	110	50			
	WS	Delvinë	2,366	48	100	100				
	WS	Shkodër Fshat	2,287	50	120	120				
	WSS	Fushë Krujë	2,150							
	WS	Malësi e Madhe	2,093							
	WS	Orikum	1,898	25	70	75	100			
	WS	Çorovodë	1,761	27	80	95				
	WSS	Ersekë	1,664	32	60	80		6	6	8
	WS	Poliçan	1,600	37	80	95				
	WS	Tropojë	1,516	19	60	80				
Group 3	WSS	Selenicë	1,506	30	80	100				
	WS	Has	1,361							
	WSS	Mirditë	1,200	30	100	115		10	15	15
	WSS	Bashkia Pukë	1,117	25	60	80		5	8	10
	WS	Këlcyrë	1,002							
	WS	Vau i Dejës	911							
	WSS	Libohovë	783							
	WSS	Fushë Arrëz	560							
	WSS	Rubik	534	30	70	100		7	10	15
	WSS	Pukë Fshat	523							
	WSS	Krastë	413	30	80	100		7	10	15
	WS	Gjirokastër Fshat	132	25	60	60				
	WSS	Himarë								
	WS	Novoselë		33	50	70				
	WSS	Bradashesh								