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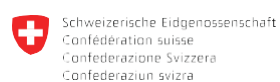
# NALAS Regional Report

Collaboration and Communication between  
Local Self-Government Units and Public Utility  
Companies in the Provision of Water and  
Sanitation Services in the Western Balkans Region

NALAS, February 2025



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<sup>1</sup> This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ opinion on Kosovo Declaration of Independence.

## Executive Summary

Municipalities and public utility companies in the Western Balkans face significant challenges in delivering sustainable water and sanitation services while complying with EU regulations. Effective cooperation between local self-governments (LSGs) and public utility companies (PUCs) is crucial, yet communication gaps, bureaucratic obstacles, and differing priorities often hinder efficiency and service quality. LSGs oversee policy and infrastructure investment, while PUCs manage operations and maintenance, requiring better coordination to ensure reliable and affordable services. This report examines existing collaboration frameworks, identifies challenges and best practices, and provides recommendations to improve communication and cooperation, ultimately enhancing water and sanitation services in the region.

As part of its Strategic Plan 2023-2027, in line with the Workplan of its Working Group on Water Management, NALAS conducted this regional research between September 2024 and January 2025 to assess collaboration and communication between LSGs and PUCs in providing water and sanitation services (WSS). Supported by SECO and BMZ/GIZ under the Regional Capacity Development Network for Water and Sanitation Services (RCDN) project, the study examined LSG roles, oversight of PUCs, regional service provision, and citizen participation across six Western Balkans economies. The research also considered the trend of regionalization while respecting local autonomy principles. The findings contributed to this offering recommendations for strengthening LSG capacities and improving cooperation in WSS management.

The Regional Report was developed through collaboration between national and regional experts, following a structured research methodology. This process involved defining research goals, piloting methods, conducting surveys and interviews, and compiling recommendations to improve communication between LSGs and PUCs in the Western Balkans. The study assessed how communication impacts service efficiency, regulatory compliance, emergency response, and investment planning. The research was conducted across six Western Balkans economies, Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia, using a mixed-method approach that combined surveys, focus groups, and interviews. A total of 100 LSGs and 109 PUCs responded to the surveys, with response rates varying from 12.5% (North Macedonia - LSGs) to 73.3% (Albania - PUCs). Additionally, 16 LSG and 19 PUC representatives participated in interviews, providing qualitative insights. The research achieved representative coverage, ensuring diverse geographic, economic, and structural perspectives, and contributed to actionable recommendations for strengthening cooperation in water and sanitation service provision.

Based on findings from interviews conducted with LSG and PUC representatives in six Western Balkans economies the water and sanitation sector across the region faces common challenges, including financial sustainability issues, inconsistent communication, and weak municipal oversight, despite frequent informal interactions between LSGs and PUCs. While collaboration exists, it is often hindered by a lack of structured frameworks, formal protocols, and dedicated personnel, leading to inefficiencies in crisis response and long-term planning. Financial constraints, such as low tariffs and reliance on municipal subsidies, further strain operations, particularly in rural areas. Successful examples, like joint infrastructure projects and coordinated crisis management, demonstrate the potential of effective partnerships, but these efforts are often ad hoc and lack standardized procedures. Regionalization is viewed as

a promising solution to enhance service delivery, but skepticism remains due to unresolved operational and financial challenges. Key recommendations include formalizing collaboration through service agreements, establishing shared digital platforms, and fostering a long-term vision for infrastructure development. Strengthening municipal involvement, enhancing staff capacity, and adopting transparent communication protocols are essential for improving accountability and service quality. By addressing these systemic issues and fostering stronger partnerships, the region can achieve sustainable and efficient water and sanitation services, aligning with EU standards and ensuring equitable access for all citizens.

The water and sanitation sector in the Western Balkans has demonstrated the importance of collaboration, communication, and strategic planning through various good practices and lessons learned. Successful examples include Albania's post-disaster collaboration, Serbia's real-time citizen feedback systems, and Kosovo's joint efforts in resolving land expropriation issues. Inter-municipal cooperation, such as in the Rasina district and the Drina and Zapadna Morava basins, highlights the benefits of shared resources and coordinated responses to environmental and disaster challenges. Key lessons emphasize the value of regular and transparent communication, clear roles and responsibilities, and a problem-solving attitude to overcome obstacles. Innovative approaches, like digital platforms and renewable energy solutions, have enhanced efficiency and sustainability while capacity-building initiatives have strengthened local expertise. However, challenges such as financial constraints, inconsistent communication, and political interference persist. To ensure sustainable progress, stakeholders recommend formalizing collaboration through service agreements, fostering long-term planning, and adopting flexible crisis management protocols. By addressing these systemic issues and strengthening partnerships, the region can achieve resilient and efficient water and sanitation services, aligning with EU standards and improving public health and environmental outcomes.

To enhance communication and collaboration in the water and sanitation sector across the Western Balkans, a multi-faceted approach is essential. Policy recommendations include developing unified frameworks to define roles, responsibilities, and strategic goals, alongside advocating for framework laws and national communication platforms to ensure regulatory consistency and transparency. Financial reforms, such as increased subsidies and targeted grants, are crucial for infrastructure development and sustainability. Operationally, regular coordination meetings, joint planning committees, and shared digital platforms like GIS portals can improve transparency and responsiveness, while formalized crisis management protocols and renewable energy solutions enhance resilience. Capacity-building initiatives, including technical training, leadership development, and knowledge-sharing platforms, are vital for strengthening staff expertise and governance. Cross-cutting themes emphasize collaborative advocacy, sustainability, and accountability, with specific actions like mandating joint meetings, co-funding projects, and streamlining administrative processes. By addressing fragmented communication, unclear roles, and financial constraints, these measures will align the sector with EU standards, improve service delivery, and ensure sustainable infrastructure development, ultimately benefiting communities across the region.

In conclusion, the water and sanitation sector in the Western Balkans faces significant challenges, including governance gaps, financial sustainability issues, and institutional accountability, exacerbated by the lack of structured frameworks and reliance on informal communication. Financial fragility, with many PUCs unable to cover operational costs through tariffs, leads to dependence on state subsidies and underinvestment, particularly in rural areas. Successful examples, such as joint infrastructure projects, highlight the potential of coordinated action, but leadership gaps and insufficient long-term planning hinder progress.

Key reforms include institutionalizing collaboration through formal agreements, financial innovation to align tariffs with costs, and empowering communities via technology and citizen feedback. Effective communication, shared responsibilities, and a long-term vision are essential for overcoming challenges, with recommendations emphasizing regular meetings, digital tools, and capacity-building programs. Strengthening partnerships, enhancing transparency, and fostering accountability will improve service delivery, align the sector with EU standards, and ensure sustainable infrastructure development, benefiting communities across the region.

# 1. Introduction

Municipalities and public utility companies in the Western Balkans face major challenges in providing sustainable water and sanitation services (WSS) and meeting the requirements of the European Union Acquis Communautaire (Chapter 27). Most of the municipalities in the region are the owners of the public water utilities and take through their assemblies, boards, or administration all the important decisions related to the utility companies. Thus, introducing modern management standards in public water utilities and improving service delivery towards better compliance with standards requires a prior understanding of such goals and priorities by municipal decision-makers and local administrations. A well-functioning cooperation between the municipal decision-makers, municipal administration, and the management of the public water utilities is needed. Strengthening capacities on both sides helps foster collaboration between key municipal and water utility stakeholders.

The effective, efficient, and long-term sustainable provision of water and sanitation services is a cornerstone of public health and environmental protection. Local self-government (LSGs) and public utility companies (PUCs) play critical roles in developing, delivering, and maintaining these essential services, yet interruptions, inconsistencies, and non-existence of their collaboration and communication often present challenges that can hinder the efficiency, effectiveness, and the quality of the services.

This report is an attempt to investigate the causes, recognize practices, both good and bad, and detect the formula of good communication and cooperation between the main actors in the field of providing public water supply and sanitation services, to make these services as good, reliable, affordable, accessible and of high quality as possible for a wide range of users in the Western Balkans region.

Water and sanitation services are vital for the well-being of populations and the economic development of communities. In most cases, the responsibility for these water supply and sanitation services is shared between local self-government units and public utility companies. LSGs are typically tasked with policy-making, regulatory oversight, and capital investments in the infrastructure, while PUCs are responsible for the operational aspects of service delivery, including infrastructure management and maintenance.

Despite their shared objectives, communication gaps and a lack of effective collaboration often arise between these entities. Factors such as differing priorities, bureaucratic hurdles, and inadequate information sharing can lead to inefficiencies, service disruptions, and increased costs. Moreover, the complexities of water and sanitation management - such as the integration of new technologies, the need for sustainable practices, and the challenges posed by climate change - further complicate these relationships.

Through research conducted on the situation on the ground and analysis of the legal and regulatory framework, this Report provides a picture of existing collaboration frameworks and communication strategies employed by LSGs and PUCs in the Western Balkans region. By analyzing case studies and gathering insights from stakeholders, this document aims to develop a comprehensive understanding of effective practices that facilitate collaboration. Ultimately, the goal was to provide actionable recommendations that enhance the synergy between local governments and utility providers, ensuring the delivery of high-quality water and sanitation services that meet the needs of communities effectively and sustainably.



## 2. Background

Following Strategic Plan 2023-2027 and the activities that are foreseen by the Action Plan of NALAS' Task Force on Solid Waste and Water Management - Group on Water Management for the period 2024-2025, the Network of Associations of Local Authorities of South East Europe (NALAS) aimed to get an insight into the collaboration and communication between LSGs and PUCs in the provision of WSS, as a prerequisite to ensuring strategic management of these key local public services, as well as efficient and effective service provision, maintenance, and investment.

In that respect, the research on the regional level was implemented in the period September 2024-January 2025, within the project “Regional Capacity Development Network for Water and Sanitation Services (RCDN)”, supported by SECO and BMZ/GIZ. The objective was to determine the state of collaboration and communication between LSGs and PUCs in the region in the provision of water and sanitation services to ensure strategic management of these key local public services, as well as efficient and effective service provision, maintenance, and investment.

The research tackled several important topics: the roles and responsibilities of LSGs in the provision of WSS, their oversight role over the work of the PUCs, and their participation in regional water service provision. It also focused on the collaboration and communication between LSGs and PUCs, and citizen participation in shaping these services. The research covered Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.

The research focused on the services solely provided by LSGs but did not undermine the trend of regionalization of water services. The research explored the practices throughout the region vis-à-vis the conventional right to local autonomy guaranteed by the European Charter on Local Self-Government.

The research was a major segment of the preparation of the Regional Report and contributed significantly to compiling recommendations for the associations of local authorities for further empowerment of LSGs in the provision of water and sanitation services, regardless of the model used. The research also contributed to formulating a focused policy position and practical guide for LSGs and LGAs for advancing collaboration and communication in the provision of WSS services.

Finally, the research was conducted in six Western Balkans economies separately by the national experts producing national reports which fed into the Regional Report on Collaboration and Communication between Local Self-Government Units and Public Utility Companies in the Provision of Water and Sanitation Services in the Western Balkans Region.

## 3. Approach to Preparing the Regional Report

The Regional Report is the result of a collaborative effort between the NALAS Working Group on Water Management, national experts, regional expert, and the NALAS Secretariat. Its preparation included several stages: developing a detailed Research Methodology, piloting the methodology in the context of one of the economies, after adjustments conducting the research in the entire region, formulating recommendations and policy positions based on the research and survey findings, and compiling a Practical Guide for local self-government units and local government associations in Western Balkan region for advancing collaboration and



communication in the provision of water and sanitation services, and finally integrating it all in the final report.

The Research Methodology is a document introducing a comprehensive research approach and comprises several segments including:

- Definition of research goals
- Methodology and preparation for research
- Guidelines for conducting a survey
- Organization of focus groups and interviews
- Analyzing research results and compiling a draft national report
- Finalizing national report and recommendations
- Compiling a regional report and recommendations for lobbying

It also contains three appendixes:

- Appendix 1 - Survey questionnaire
- Appendix 2 - Focus Group Guidelines and Interview Questions
- Appendix 3 - National report template

### **3.1. Research Goal**

The research goal was to assess how communication between LSGs and PUCs in the Western Balkans affects water and sanitation services. This includes assessing how communication influences the alignment of goals and operations for efficient service delivery, timely responses to service disruptions or emergencies, compliance with legal and regulatory requirements, and the transparent sharing of operational and performance data for informed decision-making. Additionally, the research explores how effective communication enables clear and consistent engagement with users, ensures efficient resource utilization, supports budgeting and investment in water and sanitation infrastructure, and fosters inter-municipal collaboration and regionalization of services.

### **3.2. Research Methodology**

To research communication and collaboration between LSGs and PUCs in the Western Balkans, a mixed-method approach combining desk research, surveys, and focus groups or interviews was considered ideal. This methodology provided both quantitative data on general trends and qualitative insights into specific barriers, challenges, and best practices. The key objectives of this approach included analyzing the regulatory framework governing cooperation and communication between LSGs and PUCs, defining the current practices and extent of their collaboration, identifying the main challenges hindering effective cooperation, and gathering insights on potential improvement solutions. To capture a comprehensive understanding of communication and collaboration patterns, frequency, effectiveness, and perceived barriers, the methodology integrated regulatory desk research, a broad survey for wider coverage, and in-depth interviews or focus groups with key stakeholders from local authorities and public utility companies.

The survey design incorporated a mix of multiple-choice and checkbox questions to evaluate communication frequency, modes, collaboration levels, perceived effectiveness, and barriers, alongside open-ended questions for additional insights. The survey questionnaire spanned seven sections: general information, legal framework, public policies and strategic approaches, regulatory framework, management and control, planning, development, reporting, and communication practices. It targeted representatives from local governments

(decision-makers and administrative staff) and public utilities (managers and operational heads) involved in communication, as well as those whose increased involvement could enhance efficiency in service provision. The survey questionnaire for LSGs had 46 questions, while the one for PUCs had 53 questions. This comprehensive approach aimed to identify key areas for improving communication and collaboration in the water and sanitation sector.

The Detail Research Methodology on collaboration and communication between local self-government units and public utility companies in the provision of water and sanitation services is an integral part of this Report and is contained in **Annex 3**.

### 3.3. Research Coverage

LSG and PUC representatives from six economies in the Western Balkans Region were reached out to during the research on collaboration and communication between LSGs and PUCs in the provision of water and sanitation services. The research was conducted by the National Experts, applying the approach described in the Research Methodology (combination of a survey questionnaire and interviews/focus groups). An overview of the number of LSGs and PUCs in the region is given in Table 1.

Number of LGAs and PUCs per economy	Local self-government	Public Utility Companies <sup>2</sup>
Albania	61	15
Kosovo	38	7
Federation of Bosna and Herzegovina	79	74
Republic of Srpska	60	48
Montenegro	25	24
North Macedonia	80	68
Serbia	145	152
Total number	488	388

*Table 1. Overview of the number of LSGs and PUCs in the region of Western Balkan.*

### 3.4. Research Sample

In the period December 2024 – January 2025, the research started by disseminating survey questionnaires, with the support of the communication channels of the local authorities associations. Responses were obtained from 100 local self-governments and 109 public utility companies from the region. The following table shows the number of received responses per economy segregated between LSGs and PUCs. The respondent sample is representative as it met all methodological criteria, encompassing diverse LSGs and PUCs across geographic, economic, and size brackets in the Western Balkans, with target sample sizes of 10%-30% achieved and all samples falling within the specified methodological range.

<sup>2</sup> In Albania and Kosovo Regional Water Companies are responsible for providing water services.

Number of responses per economy	Local self-government		Public Utility Companies	
	Number of responses	Response rate	Number of responses	Response rate
Albania	11	18%	11	73.3%
Kosovo	9	23.7%	5	71.4%
Federation of Bosna and Herzegovina	21	26.5%	21	28.3%
Republic of Srpska	12	20%	12	25%
Montenegro	11	44%	16	66.7%
North Macedonia	10	12.5%	12	17.6%
Serbia	26	17.2%	32	21.7%
Total responses	100	20.5%	109	28.1%

*Table 2. The number of received responses per economy and divided between LSGs and PUCs.*

When it comes to qualitative fact-finding regarding communication and collaboration, the national experts conducted a series of interviews with representatives of LSGs and PUCs in the region. The methodology envisaged conducting up to five interviews per target group per economy. Considering that the interviews were conducted immediately after the New Year and Christmas holidays and that in Albania and Kosovo coincided with the pre-elections, the number of interviewees was smaller (16 local self-governments and 19 public utility companies), but this does not diminish the reliability of the conclusions drawn about the quality of communication and cooperation between the LSGs and PUCs.

Number of interviewees per economy	Local self-government		Public Utility Companies	
Albania	1		1	
Kosovo	1		2	
Federation of Bosna and Herzegovina	1		2	
Republic of Srpska	2		2	
Montenegro	3		5	
North Macedonia	5		5	
Serbia	3		2	
Total number	16		19	

*Table 3. The number of interviews conducted per economy and divided between LSGs and PUCs.*

### 3.5. The Relevance of the Coverage and Responses

The respondent sample obtained within the framework of the research can be considered representative because it met all the criteria set out in the Methodology, i.e., both the LSGs and PUCs in diverse geographic, economic, and size brackets across the region. Given that the number of LSGs and PUCs in different economies of Western Balkans varies in number, the target sample size was between 10% and 30% local self-government reached. The research statistics show that the total sample, as well as individual samples by economy, are within the range specified in the Methodology.

## 4. Research Findings

This section provides an overview of the most important findings from the legal and regulatory framework desktop analysis, as well as from both segments of the research (surveys and interviews). More detailed findings per economies in the WB region are provided in **Annex 4**, i.e. the national reports prepared by national experts.

### 4.1. Overview of the Water Supply and Sanitation Sector in the Economies of the Region

The first stage in assessing communication and collaboration practices in the water and sanitation service sector in the Western Balkans involved understanding the legal, strategic, and institutional framework governing the sector. This included analyzing national policies, regulatory frameworks, and the roles of key stakeholders such as LSGs and PUCs. Effective communication and collaboration are essential for ensuring efficient service delivery, infrastructure development, and regulatory compliance. This assessment examined how policies define responsibilities, decision-making processes, and intergovernmental coordination in managing water and sanitation services. Additionally, it explored mechanisms for stakeholder engagement, transparency, and accountability in service provision. Key questions addressed included the legal framework regulating water and sanitation, the classification of these services as public interest, and the level of government responsible for ensuring their provision and development. Understanding these elements provides a foundation for evaluating challenges, identifying best practices, and recommending improvements in communication and collaboration within the sector.

Each economy in the Western Balkans has specific laws regulating drinking water and sanitation, though they share a common goal of EU approximation. While Albania, Kosovo, Montenegro, North Macedonia, and Serbia have relatively centralized legislation, Bosnia and Herzegovina has a fragmented framework due to its political structure (two entities and Brčko District). The legal framework for drinking water provision and sanitation services in the Western Balkan economies consists of national laws, EU-aligned regulations, and international agreements. While each economy has its legislation, they share a common goal of aligning with EU directives, particularly the Drinking Water Directive (98/83/EC), the Urban Wastewater Treatment Directive (91/271/EEC), and the Water Framework Directive (2000/60/EC). In Albania, key regulations include the Law on Integrated Water Resources Management (2012) and the Law on Drinking Water Standards (2014), ensuring compliance with WHO and EU water quality standards. Kosovo regulates its water sector under the Law on Water (2013) and the Law on Public Enterprises (2008), with additional sanitary and consumer protection laws overseeing water safety and service provision. Montenegro has a well-defined legal framework, including the Law on Waters, the Law on Communal Services, and the Law on Drinking Water Safety, ensuring municipal obligations for water supply and sanitation. Bosnia and Herzegovina has a fragmented regulatory structure due to its political setup. The Federation of B&H, Republika Srpska, and Brčko District each have separate water

laws, public utility regulations, and drinking water quality acts, which align with EU standards. In North Macedonia, the Law on Waters and the Law on Drinking Water Quality establish standards for water management, while the Law on Communal Services governs utility operations. Serbia enforces its water regulations through the Law on Waters, the Law on Communal Services, and the Law on Drinking Water Safety, ensuring safe drinking water and wastewater treatment under municipal and national oversight.

In all Western Balkan economies, the provision of water and sanitation is legally recognized as a service of public interest. National laws and communal service regulations define them as essential public utilities, ensuring universal access, affordability, and state or municipal responsibility. Economies like Albania, Kosovo, Montenegro, North Macedonia, and Serbia explicitly classify water services as general economic interests, while Bosnia and Herzegovina's entity-level laws uphold the same principle despite its decentralized structure. As part of EU alignment, all these nations are strengthening legal frameworks to ensure safe, sustainable, and accessible water and sanitation for all citizens.

The responsibility for regulating, organizing, and ensuring the provision and development of water and sanitation services is shared between central governments, local governments, and regulatory agencies. The national government sets the legal framework, policies, and strategic plans, ensuring compliance with EU standards and international obligations. Independent regulatory agencies (Albania, Kosovo, Montenegro, and North Macedonia) oversee tariff setting, service quality, and consumer protection. However, the primary responsibility for service provision lies with local governments, which own and manage public water utilities or delegate services to regional operators.

In Western Balkans, national water sector policy documents set short-, medium-, and long-term goals for water supply and sanitation, aligning with EU standards and sustainability objectives. Key documents include Albania's National Water Strategy (2018-2030) and Kosovo's Water Strategy (2017-2036), both focusing on resource management and infrastructure development. Montenegro's Water Management Strategy (2017-2035) and North Macedonia's National Water Strategy (2012-2042) outline long-term commitments to water supply and wastewater treatment. Serbia's Water Management Strategy (2016-2034) and Bosnia and Herzegovina's entity-level Water Management Strategies guide national and local policies. These strategies integrate with broader environmental and sustainable development plans, ensuring investment, regulation, and service improvements in the water sector.

The competent level of government responsible for urban water management in the region of Western Balkans typically is the local government. Municipalities have the legal obligation to adopt decisions on water supply and sanitation. These decisions regulate service provision, tariffs, infrastructure development, and quality standards, ensuring compliance with national laws and EU directives. In Albania, Kosovo, North Macedonia, Montenegro, and Serbia, municipalities play a key role in organizing and managing water services. They adopt local decisions, approve tariffs (often in coordination with national regulatory bodies where applicable), and ensure service provision through water utility operators. In Bosnia and Herzegovina, due to its complex governance structure, responsibilities are divided between entities, cantons, and municipalities, each adopting relevant decisions within their jurisdiction. While national governments and regulatory agencies provide the legal framework, local governments are directly responsible for adopting decisions to regulate, improve, and expand urban water and sanitation services.

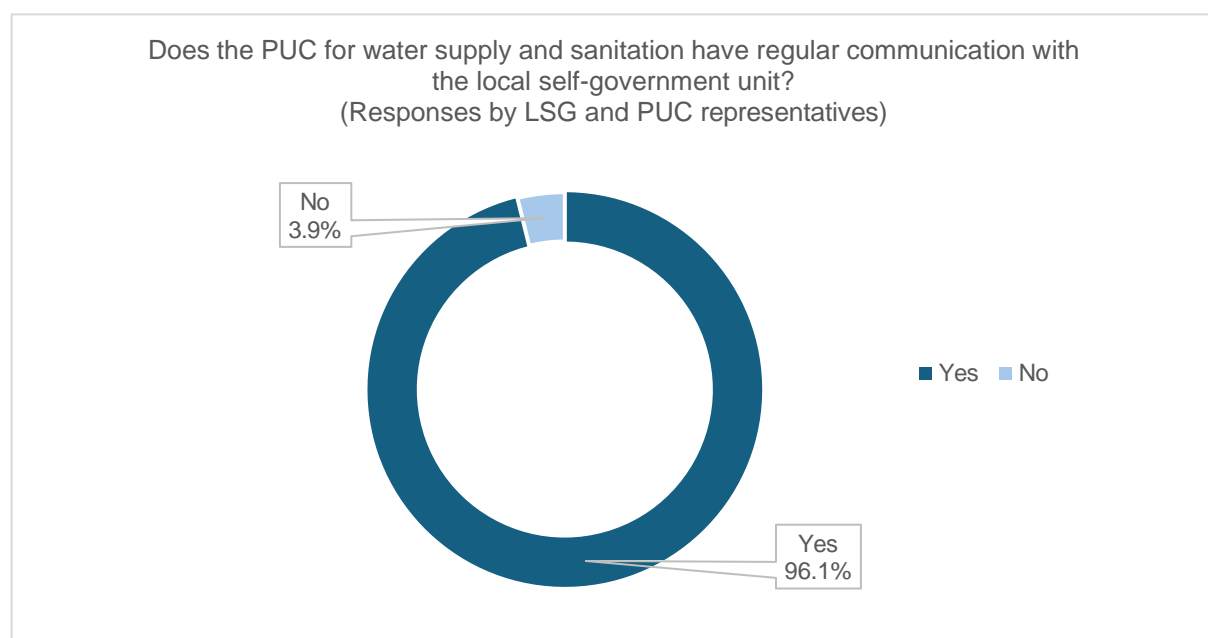
In Western Balkans economies, public utility companies (municipal or regional) are primarily responsible for water/sanitation services, guided by national laws and local regulations. Municipal PUCs are the most common providers, owned and operated by local governments.

Regional or inter-municipal water utilities in some instances can provide the services. In these cases, multiple municipalities form regional utility companies to improve efficiency and cost-sharing. Examples include regional water utilities in Kosovo and Bosnia and Herzegovina, where fragmented governance requires cross-municipal cooperation. Serbian legislation also provides for inter-municipal cooperation in the provision of communal services including water supply and sanitation. There are cases of inter-municipal agreements in which less capacitated municipalities delegate the entire service or a part of it to a larger city and its water utility.

Local self-governments play a central role in managing water utility companies, which are typically publicly owned. Local governments oversee the PUCs by appointing management, approving strategic plans, setting or approving water tariffs, and ensuring compliance with national laws and EU standards. While the utilities handle day-to-day operations like water supply and wastewater treatment, local governments monitor performance, secure funding for infrastructure, and ensure public accountability. Management structures vary, with most economies operating at the municipal level, while Bosnia and Herzegovina's fragmented system involves municipal, cantonal, or regional management depending on the entity. Despite efforts to align with EU directives and improve service quality, challenges such as political interference, capacity gaps, and rural-urban disparities persist. Overall, local governments in the Western Balkans aim to balance affordability, sustainability, and efficiency in water service provision.

## 4.2. Current State of Collaboration and Communication

The collaboration and communication between LSGs and PUCs in the Western Balkans vary across economies, with both successes and challenges observed in the management of water and sanitation services. Each economy has developed distinct frameworks and approaches for interaction, though certain patterns and shared obstacles are common.



*Chart 1. Regularity of communication and cooperation between LSGs and PUCs for water supply and sanitation in Western Balkans.*

A commonality that can be observed in all economies is that LSGs and PUCs dealing with water and sanitation services have regular communication and therefore collaboration on different issues related to the provision of the services. Chart 1. shows that as high as 96.1%



of the respondents from both, representatives of LSGs and PUCs, answered positively to the question regarding the regularity of communication and cooperation in providing water and sanitation services.

In Albania, collaboration between LSGs and water/sewage companies is influenced by national policies such as the National Strategy of Water and Waste (2023–2030). While 60% of LSGs involve water and sewage companies in strategic planning, only 35% of companies find this input valuable. Communication between these entities typically occurs through formal meetings, but inefficiencies such as bureaucratic delays and mismatched budgets hinder progress. Furthermore, while financial and strategic collaboration exists, gaps in policy guidance and central government oversight remain a challenge.

In Kosovo, collaboration between municipalities and Regional Water Companies (RWCs) is emphasized, with both parties recognizing its importance in the relationship with government institutions. However, communication difficulties are more pronounced at the municipal level. Monitoring is a key priority for municipalities, suggesting a stronger focus on local-level accountability. Financial reporting is less emphasized, and there are disparities in reporting practices, with RWCs being more proactive. Legal frameworks such as the Law on Waters (No. 04/L-147/2013) guide the responsibilities of municipalities, stressing the importance of strategic planning and continuous communication for water infrastructure development.

The Federation of Bosnia and Herzegovina exhibits a strong communication network between LSGs and PUCs, with a majority of both groups reporting regular communication. While communication channels are diverse, ranging from face-to-face meetings to electronic communication, the lack of formal communication plans is a common issue. Despite this, 85.7% of LSGs and 100% of PUCs with communication plans ensure that these plans include strategies for interaction. The quality of communication, however, was assessed as mainly good but with room for improvement, particularly in establishing more structured and consistent engagement practices.

In the Republic of Srpska, Bosnia and Herzegovina, LSGs and PUCs report frequent communication regarding water services, with formal and informal communication methods used. Representatives of PUCs do not regularly participate in local assembly sessions, but their participation is based on the agenda items of each separate session, i.e., on a case-by-case basis if there is an item on the agenda that requires it, which limits continuous collaboration. While a formal communication plan is absent for many, those who have one recognize its importance. Cooperation in evaluating service quality is common, though not universal, and the overall quality of communication is seen positively, with a need for stronger, more structured frameworks.

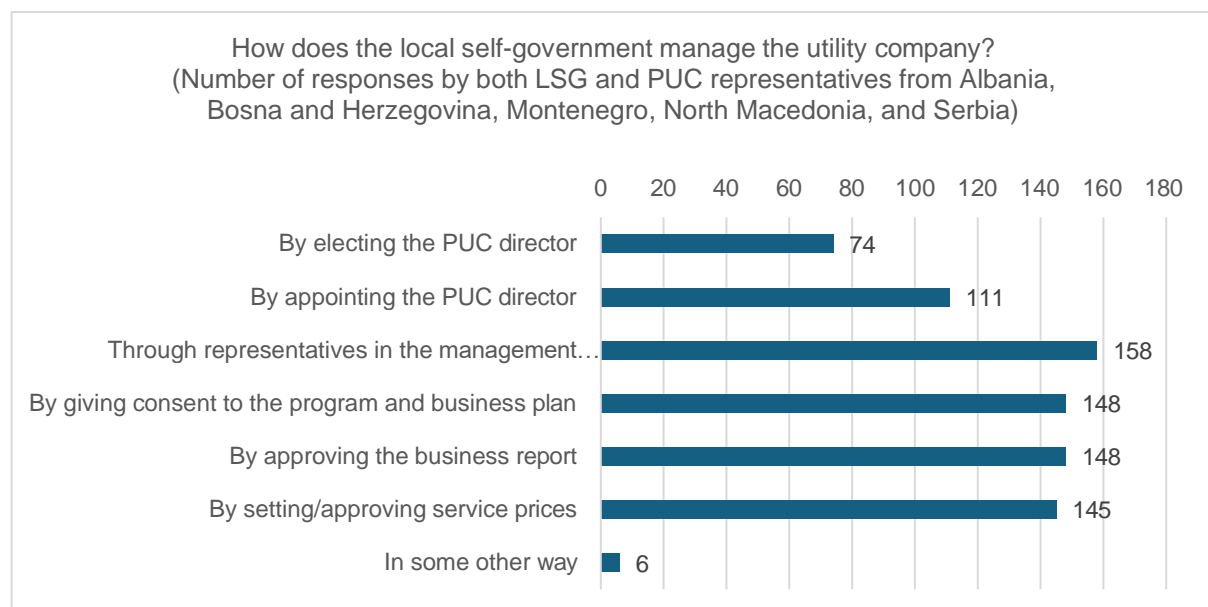
Montenegro shows significant variation in communication practices across municipalities. While some municipalities like Kolašin maintain daily communication, others, like Nikšić, rely more on informal methods. Financial constraints and staffing shortages are recurrent challenges, that impact the effectiveness of communication and utility oversight. Regulatory issues and outdated regulations also hinder collaboration in some areas, particularly in investments and decision-making processes.

North Macedonia's collaboration between LSGs and PUCs is less consistent. Cooperation is often limited to reporting and tariff approvals, with financial assistance requests and service payments being contentious. However, some positive examples exist where local governments act as guarantors for loans, easing financial pressure. The lack of cooperation in covering costs for services like green space maintenance leads to financial mismanagement and the diversion of funds, further exacerbating operational challenges.



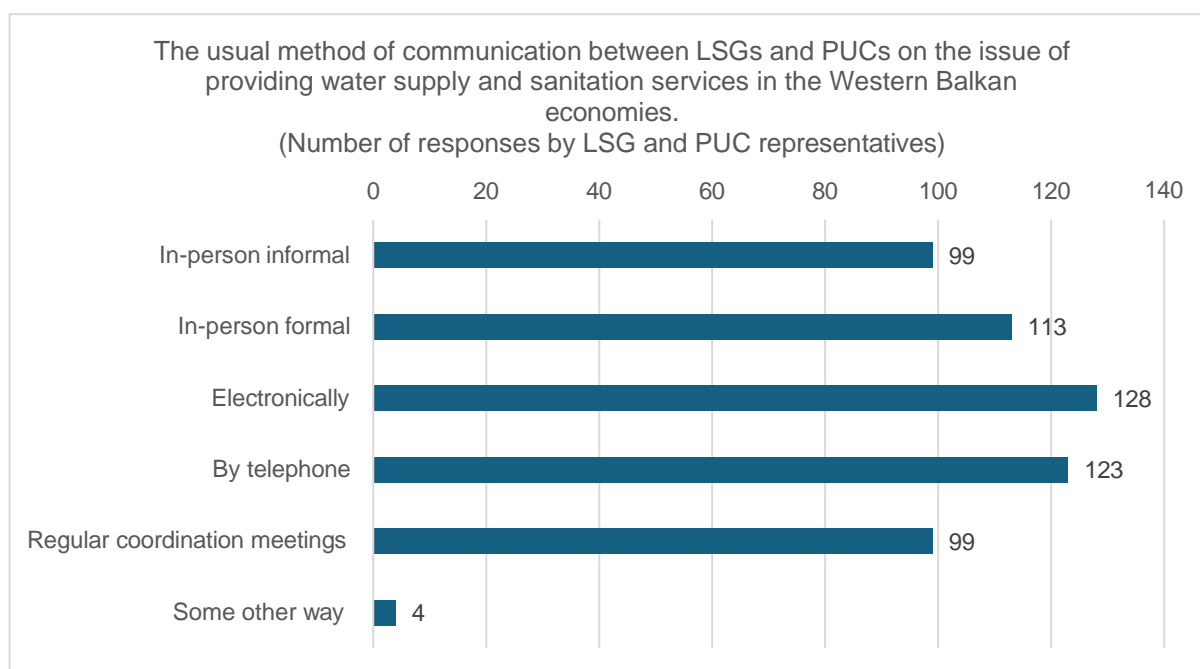
In Serbia, collaboration between LSGs and PUCs is generally strong, with frequent interactions through various communication channels. Participation in local assembly meetings is typically agenda-driven, limiting regular engagement. Many LSGs and PUCs lack formal communication strategies, but where they exist, these plans tend to include provisions for interaction. Most LSGs and PUCs cooperate in evaluating service quality, but there are variations in how evaluations are conducted. Despite mostly positive feedback on communication quality, there is a need for formalized communication practices and enhanced participation in decision-making processes.

When it comes to the management and overseeing the PUCs for water supply and sanitation operations, LSGs in the Western Balkans primarily do it through active participation in governance structures, with 158 responses indicating representation in management bodies. They also play a significant role in approving strategic and operational plans, as evidenced by 148 responses for consenting to programs and business plans, and another 148 for approving business reports. Additionally, LSGs are heavily involved in setting or approving service prices, with 145 responses highlighting this responsibility. While appointing PUC directors is common (111 responses), electing directors is less frequent (74 responses). Only 6 responses mentioned alternative management methods, indicating that LSGs predominantly rely on structured oversight, strategic approvals, and pricing decisions to ensure PUCs align with local needs and priorities. This hands-on approach underscores the importance of LSGs in maintaining accountability and operational alignment in the water and sanitation sector. Responses from the Kosovo survey are not taken into account since there is in place a specific organization and management structure in the form of Regional Water Companies. Chart 2. gives a graphic presentation of the mentioned findings.

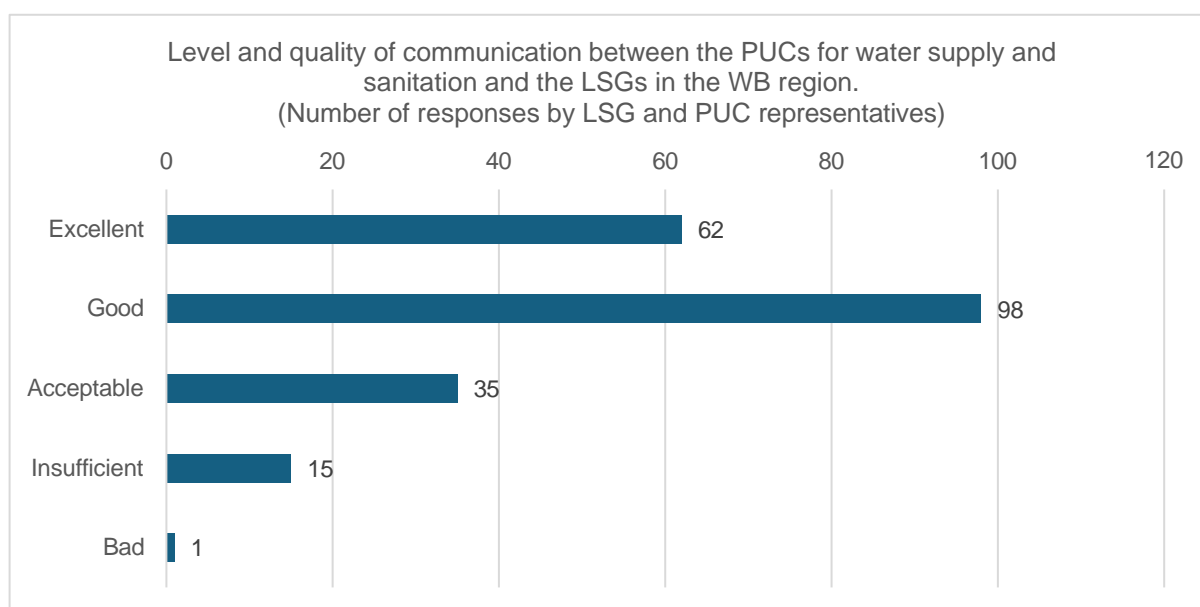


*Chart 2. Ways in which LSGs manage and oversee the PUCs for water supply and sanitation operations.*

As mentioned, communication and collaboration between LSGs and PUCs in the region on different issues related to the provision of water and sanitation services are regular and carried out through various channels as shown in Chart 3. Electronic communication via email exchange dominates, but all other forms are also very common, so it can be concluded that communication is frequent.



*Chart 3. Number of responses by LSG and PUC representatives per communication category.*



*Chart 4. Level and quality of communication between the PUCs for water supply and sanitation and the LSGs in the Western Balkans.*

Chart 4. indicates that communication between Public Utility Companies (PUCs) and Local Self-Governments (LSGs) in the Western Balkans is generally positive, with most respondents rating it as "Good" (98) or "Excellent" (62), suggesting effective coordination in water supply and sanitation services. However, a notable portion rated it as "Acceptable" (35), while some reported it as "Insufficient" (15) or "Bad" (1), highlighting areas for improvement. These results suggest that while communication channels are functional, challenges such as inconsistent engagement and lack of formal strategies persist, warranting efforts to enhance structured communication and collaboration.

### 4.3. Identified Challenges

Across the Western Balkans region, common challenges include the lack of formal communication plans, financial constraints, and inconsistencies in participation and cooperation. While communication practices vary, the importance of structured, continuous dialogue between LSGs and PUCs is recognized. Strengthening formal communication frameworks, addressing financial challenges, and improving the quality and consistency of cooperation are crucial steps toward enhancing the management of water and sanitation services in the region.

Also, key challenges in water supply and sanitation include poor coordination, weak financial sustainability, insufficient communication, and fragmented policy frameworks. Addressing these issues requires stronger governance, improved regulatory clarity, better financial planning, and enhanced communication strategies to ensure sustainable water management and service delivery.

Albania's water and sanitation sector faces systemic challenges, primarily due to fragmented coordination between LSGs and PUCs. Decentralization efforts since 1998 transferred water management responsibilities to municipalities, which often lacked financial and technical capacity. The 2022 reform sought to address persistent issues such as high water losses, debts, and poor management. Key elements of the reform included the reorganization of water utilities, and reducing the number of operators to 15 for better efficiency. Improved revenue collection was prioritized through stricter enforcement against unpaid bills and illegal connections. Increased infrastructure investment, supported by international donors, modernized water networks, and expanded services. Performance monitoring was strengthened with stricter oversight through financial and technical indicators. Additionally, the reform aimed to align with EU integration requirements by complying with EU water directives. While these measures improved billing collection, investments, and management efficiency, challenges remain, including adaptation difficulties, aging infrastructure, and technology limitations in rural areas.

Kosovo's water sector struggles with structural and communication barriers between Regional Water Companies (RWCs) and municipalities. A major issue is organizational misalignment, where differences in governance structures weaken municipal roles in utility management. Legal and institutional gaps create inefficiencies due to inconsistent regulatory frameworks. Limited communication between municipalities and RWCs results in miscoordination, as many municipalities lack effective channels for direct engagement. Furthermore, the absence of feedback loops prevents PUCs from receiving necessary input from municipalities, hindering service improvements and long-term planning.

A major challenge in the Federation of Bosnia and Herzegovina is the absence of a comprehensive public policy for water supply and wastewater treatment, leading to fragmented coordination. Weak policy frameworks result in unclear responsibilities and insufficient coordination between LSGs and PUCs. Financial constraints are another pressing issue, as 62% of respondents to the survey report that tariffs do not cover costs, leading to reliance on grants and ad hoc budget adjustments. Communication deficits further exacerbate the problem, with 71.4% of PUCs lacking communication plans or strategies, and only 23.8% rating communication as excellent. Additionally, institutional complexity due to overlapping regulations and unclear competencies hinders effective governance and cooperation.

Similar to FBiH, Republic of Srpska, Bosnia and Herzegovina lacks a unified public policy document for water sector management. Coordination issues are evident, with divided opinions among stakeholders on strategic goals. Limited communication between LSGs and

PUCs is a significant barrier, with only 16.7% of respondents rating communication as excellent. Financial instability is another issue, as half of the PUCs struggle to cover operational costs, with many LSGs not providing sufficient subsidies. Additionally, a lack of transparency hinders public access to essential service details, as 50% of LSGs do not share PUC information online.

Municipalities across Montenegro face various challenges in managing public utilities. In some LSGs both municipal authorities and utilities suffer from staffing and financial constraints, compounded by a lack of standardized crisis management and monitoring protocols. Other experience inefficiencies due to organizational gaps and high staff turnover, disrupting continuity in operations. Even the largest LSGs struggle with reduced oversight, as participation in utility board meetings has ceased, weakening supervision. The utilities are also heavily dependent on municipal funding for projects and debt servicing. In some LSGs, financial pressures, particularly unpaid electricity debts, restrict operational flexibility. Additionally, the lack of a tailored legal framework for public utilities hampers effective management. Some municipalities face staff shortages in utility oversight, while water pricing regulations fail to account for operational realities, such as the cost of sourcing water from other economies. PUCs in Montenegro also encounter significant barriers. The Regulatory Agency tightly controls water pricing through a complex approval process that excludes certain costs, such as wage increases. Revenue from additional services is also excluded from regulatory calculations, weakening the utility's financial position. Additionally, subsidies for vulnerable groups are not covered by municipal policies, forcing the utilities to self-fund these programs. Coordination can be problematic, as services are provided without formal contracts, leading to financial losses. Some water utilities face dissatisfaction with regulatory agencies due to pricing constraints, resulting in price volatility that undermines financial stability and public trust. Staffing shortages, particularly in technical roles, further exacerbate operational difficulties. In others, seasonal fluctuations in water demand create financial and logistical challenges, while outstanding debts to the power company limit operational capacity. Finally, some PUCs struggle with delayed municipal refunds for previously agreed water tariff reductions, and the utility's financial independence is limited by its reliance on self-sustained revenue. Additionally, public dissatisfaction with water pricing is often misdirected at the PUC, despite regulations being set by the agency. There are cases of pricing imbalances, where businesses benefit more than households, reducing revenue from high-paying sectors like tourism. Regulatory delays in tariff approvals further strain finances, while staffing and resource shortages make it difficult to meet increasing service demands.

Public utility companies in North Macedonia face systemic inefficiencies due to excessive administrative staffing, often resulting from politically motivated hiring. This issue undermines productivity, as inexperienced personnel are appointed to key positions, delaying projects and leading to unsatisfactory performance. Workplace organization follows legal regulations, but the shortage of qualified professionals leads to inefficient operations. Poorly prepared business plans, often created without proper management input, become formal documents with no practical use. Municipal councils frequently approve such plans without thorough analysis, contributing to ineffective governance. Communication barriers between LSGs and PUCs are worsened by political interference, as management positions change with shifts in local leadership. This disrupts operational continuity and delays problem resolution. Additionally, poor staffing decisions hinder coordination within municipal services, while ineffective meetings and lack of proper digital communication tools further impair collaboration. Resource constraints remain a major challenge, with fewer individuals pursuing careers in the PUC sector, leading to shortages of plumbers, construction workers, and technical staff. Low service collection rates prevent companies from covering salaries and essential maintenance, while outstanding debts sometimes block employees from accessing health and seniority benefits. Outdated machinery slows repair work while aging water and sewage networks continue to deteriorate due to financial constraints. The declining willingness of private

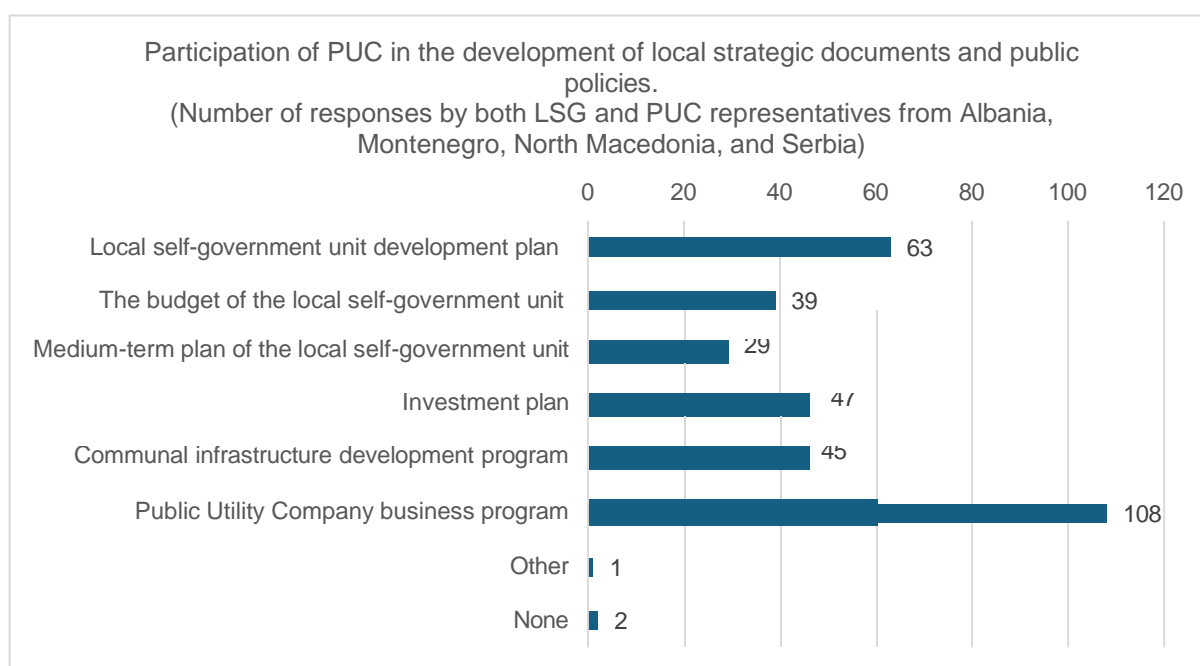
companies to collaborate with PUCs, largely due to chronic non-payment, further threatens service quality and sustainability.

In Serbia, LSGs and PUCs play essential roles in water supply and sanitation but face significant barriers regarding communication, collaboration, and capacity. Coordination is hindered by the absence of clear mechanisms, with LSGs and PUCs operating under separate administrative and financial frameworks. Limited data sharing, bureaucratic inefficiencies, and misalignment in planning further delay critical decisions on infrastructure investments. Fragmented responsibilities between LSGs and PUCs create overlapping roles or accountability gaps, while political interference frequently shifts priorities, affecting long-term collaboration. Financial constraints are another major issue, as many PUCs rely on municipalities for subsidies and investment funding, leading to conflicts over financial management. Capacity limitations, including a shortage of skilled technical staff and outdated infrastructure, reduce the ability of both LSGs and PUCs to provide reliable services. Weak enforcement of regulations and an unclear legal framework further hinder effective utility management. Addressing these issues requires stronger governance structures, improved financial mechanisms, and enhanced technical expertise. The implementation of digital tools for data sharing, institutional capacity development, and long-term investment strategies could significantly improve efficiency and service quality.

In addition to the individual identified obstacles in the water supply and sanitation sector, the research also points to some weaknesses in the system, primarily in communication and cooperation between municipalities and utility companies, which apply to the entire Western Balkan region.

Regarding the involvement of PUCs and their representatives in local strategic planning, the data indicates that PUCs play a significant role in their own business planning but have limited involvement in municipal strategic and financial planning processes. This misalignment could hinder long-term sustainability and service efficiency. Strengthening collaboration between PUCs and LSGs in financial and infrastructure planning could enhance service delivery and ensure better alignment with municipal development goals.

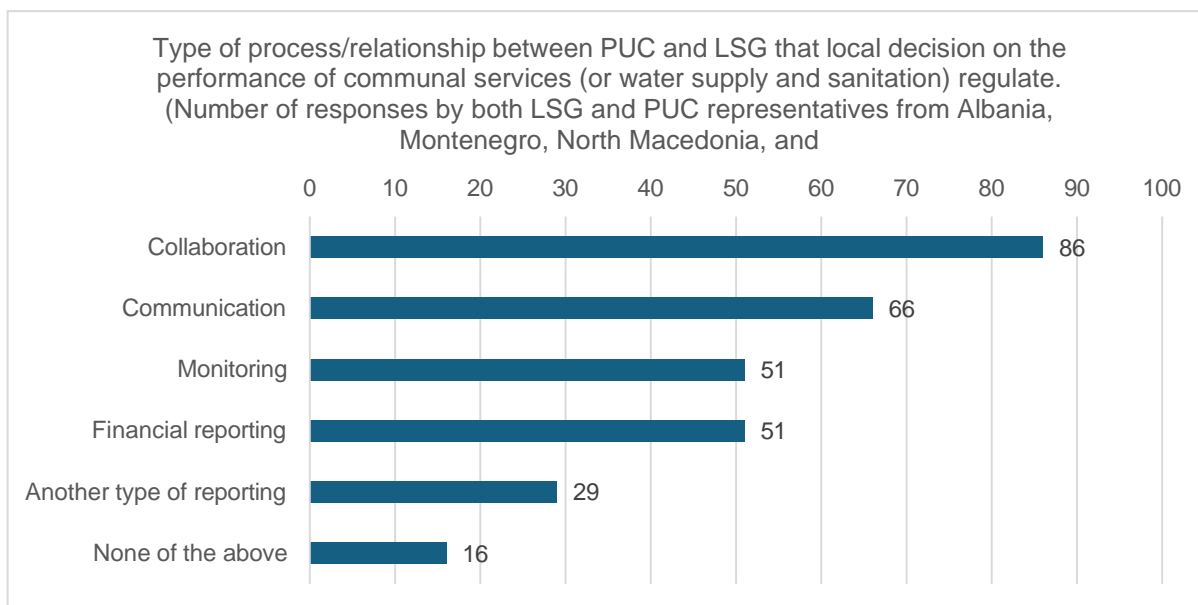
Chart 5. illustrates the participation of PUCs in the development of local strategic documents and public policies, based on responses from LSGs and PUC representatives in Albania, Montenegro, North Macedonia, and Serbia. The data reveals several key observations. PUCs show the highest level of participation in their business program development, with 108 responses, indicating strong internal planning control but limited influence on broader municipal strategies. Their involvement in local development plans is more moderate, with 63 responses, suggesting a gap in collaboration LSGs. In financial planning, PUCs have relatively low engagement, with only 39 responses for budget formulation and 29 for medium-term planning, highlighting their limited influence over municipal financial decisions that impact their operations. While PUCs have some input in investment and communal infrastructure programs, with 47 and 45 responses respectively, their participation suggests they are stakeholders rather than primary decision-makers. Additionally, minimal to no participation is observed in other areas, with only 1 response for "Other" and 2 for "None," reflecting potential governance challenges in integrating PUC perspectives into broader municipal decision-making.



*Chart 5. Participation of PUCs in the development of local strategic documents and public policies.*

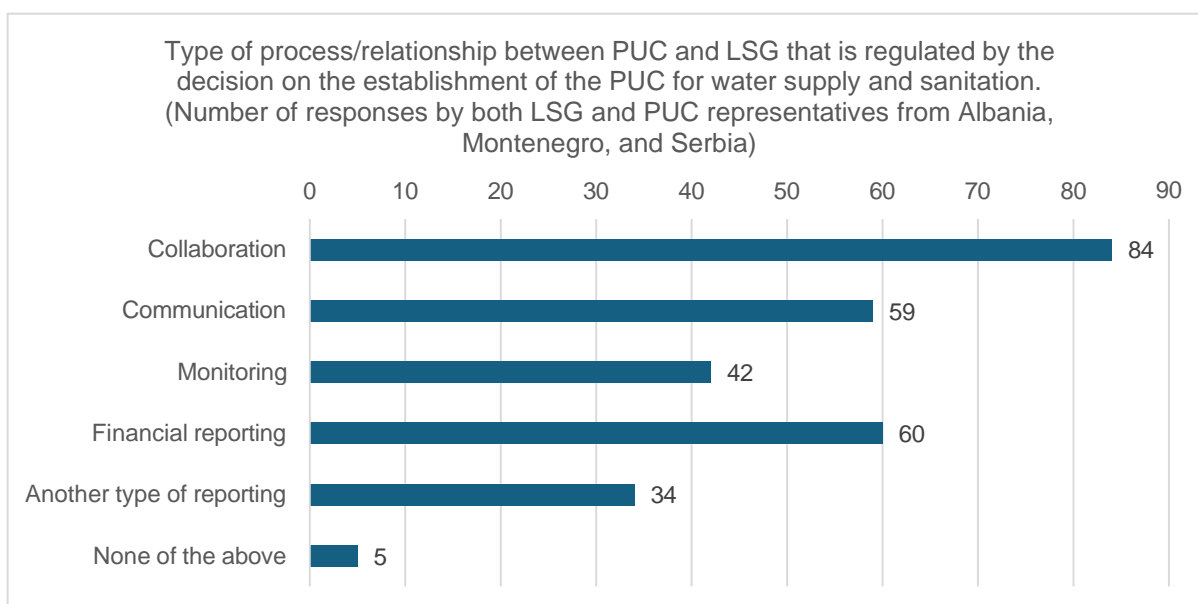
Concerning the regulation of provision of the water supply and sanitation services by the local acts, data obtained by the survey underscores the importance of collaboration and communication in the relationship between PUCs and LSGs, with monitoring and financial reporting also playing key roles in ensuring effective regulation of communal services. Based on responses from both LSG and PUC representatives, collaboration emerges as the most common, with 86 responses, highlighting its importance in regulating water supply and sanitation services. Communication follows with 66 responses, indicating that regular communication is also a significant aspect of the relationship, though less prevalent than collaboration. Monitoring and financial reporting each received 51 responses, showing that these practices are commonly used to ensure service performance and financial transparency. Another type of reporting is less common, with 29 responses, while 16 respondents indicated that none of the above processes or relationships are in place. Although data highlights that while collaboration and communication are the most prominent for the relationship between PUCs and LSGs there is still significant room for improvement to ensure more effective regulation of communal services. Furthermore, integrated monitoring systems and improved financial transparency would enhance accountability and trust, while establishing feedback loops would allow for continuous improvement and adaptation. By prioritizing these improvements, PUCs and LSGs can strengthen their working relationships, leading to more efficient and sustainable communal services that better serve community needs. Chart 6. illustrates the types of processes or relationships between PUCs and LSGs that are regulated by local decisions.





*Chart 6. Types of processes or relationships between PUCs and LSGs that are regulated by local decisions.*

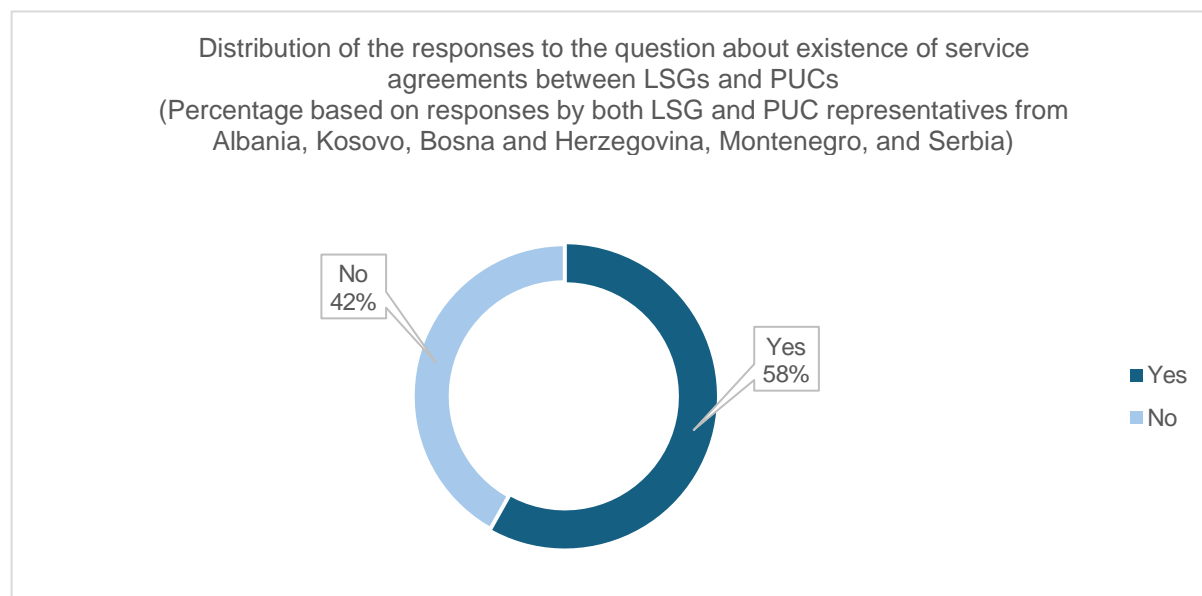
Similar to the previous, Chart 7. illustrates the types of relationships between PUCs and LSGs that are regulated by decisions on the formation of public utilities for water supply and sanitation. The data is based on responses from both LSG and PUC representatives in Albania, Montenegro, and Serbia. Collaboration is the most prominent process, with 84 responses, indicating that joint efforts are a key factor in shaping the formation of PUCs. Communication follows with 59 responses, highlighting its importance but suggesting it is less prioritized than collaboration. Financial reporting is also significant, with 60 responses, emphasizing the role of financial transparency. Monitoring, with 42 responses, appears to be less emphasized, while another type of reporting is even less common, with 34 responses. Only 5 responses indicate "None of the above," showing that most PUCs and LSGs engage in at least one of these relations.



*Chart 7. Types of processes or relationships between PUCs and LSGs that are regulated by ordinance on the establishment of the utility for water supply and sanitation.*



From this data, several challenges can be derived. First, while collaboration is emphasized, the lower priority on communication and monitoring suggests potential gaps in ensuring consistent and effective dialogue and oversight. Second, the relatively lower focus on monitoring (42 responses) could indicate weaknesses in tracking performance and accountability. Third, the limited engagement in other types of reporting (34 responses) may reflect a lack of diverse or innovative approaches to governance and decision-making. Addressing these challenges would require strengthening communication channels, enhancing monitoring mechanisms, and exploring additional reporting methods to ensure that the operation of PUCs is transparent, inclusive, and aligned with the needs of the communities they serve.



*Chart 8. Distribution of responses to the question about the existence of service agreement between the JLS and the PUČ.*

Chart 8 shows the percentage of signed service agreements between LSGs and PUCs in the Western Balkans (Albania, Kosovo, Bosnia and Herzegovina, Montenegro, and Serbia), based on responses from both LSG and PUC representatives.

- 58% of respondents indicated that service agreements between LSGs and PUCs are signed, suggesting that a majority of municipalities and utilities have formalized their collaboration through written agreements.
- 42% of respondents reported that no service agreements are in place, highlighting a significant portion where formal collaboration frameworks are lacking.

It should be noted that, unlike other economies where there is a greater number of existing agreements, the ratio of signed and unsigned service agreements in Serbia is 33.33%-66.67% in favor of the absence of these documents.

This data indicates that while a majority of LSGs and PUCs have established formal agreements to govern their cooperation, a substantial minority still operate without such frameworks. Although in cases where there is no service agreement, the indicators of quality and coverage of water supply and sanitation services are defined by the business plan or decision on the performance of the services, this gap may lead to inconsistencies in service delivery, unclear roles and responsibilities, and challenges in accountability. Strengthening the adoption of service agreements across all regions could improve transparency, efficiency, and the overall quality of water and sanitation services.

## 5. Interview Findings

Albania's water sector benefits from strong grassroots collaboration but faces significant systemic challenges, including financial constraints, policy fragmentation, and weak municipal oversight following regionalization. Interviews with municipal and PUC representatives highlight major communication gaps, with municipalities relying on informal, ad-hoc methods such as phone calls and letters, while PUCs use more structured approaches like formal meetings and digital platforms. However, no standardized communication protocols or shared tools exist, leading to inconsistent collaboration. Municipalities have largely disengaged from WSS management due to reduced accountability, while PUCs operate with minimal municipal oversight, particularly in crisis response. Key barriers include leadership micromanagement over strategic planning, limited staff and resources for structured collaboration, and centralized policies that restrict local flexibility. Despite these issues, successful partnerships in infrastructure coordination, such as joint road and sewage projects, and post-disaster response demonstrate the potential for improved cooperation. Recommendations emphasize formalizing collaboration through mandated joint meetings, shared digital platforms, and service agreements defining roles, responsibilities, and quality standards. Strengthening municipal involvement by requiring co-funding of WSS projects and ensuring representation on supervisory boards can enhance accountability. Leadership development programs should focus on promoting collaborative, citizen-centric governance, while central government support, including a regional water governance fund and streamlined approval processes for local initiatives, is essential for sustainable progress. Addressing these structural deficiencies through financial reforms, regulatory adjustments, and capacity-building measures will better align Albania's water sector with EU standards, ensuring reliable and equitable service delivery for all citizens.

The successful collaboration between the Regional Water Company (RWC) and the Municipality in Gjakovë during a critical phase of the sewage project, particularly in resolving land expropriation challenges, highlights the importance of effective communication, commitment, and coordination. Through open and frequent dialogue with the local community, clear roles, and a positive problem-solving attitude, both parties addressed concerns, ensured transparency, and achieved mutually acceptable solutions. The Municipality provided legal and logistical support, while the RWC handled technical aspects, demonstrating how shared responsibilities and a unified vision can drive progress. The long-term vision of improving public health, environmental protection, and urban infrastructure motivated them to overcome short-term obstacles, such as disputes over land expropriation, ensuring the project's continuity. However, the lack of a structured crisis management protocol during emergencies, such as floods, revealed delays and confusion, underscoring the need for clear roles and responsibilities in crises. Establishing formalized protocols, including defined duties and coordinated response plans, would enhance efficiency and minimize disruptions during emergencies. Key lessons from this collaboration include the value of transparent communication, shared commitment, a solution-oriented mindset, and a long-term perspective to achieve project objectives and build resilient systems. These principles not only ensure the success of individual projects but also strengthen partnerships for future initiatives, fostering sustainable development and community trust.

Communication between LSGs and PUCs of the Federation of Bosnia and Herzegovina in the water and sanitation sector primarily relies on a mix of phone calls, emails, and field collaboration, with the frequency of communication varying based on ongoing activities. While these methods are functional, challenges such as procedural deficiencies, limited understanding of PUC needs, and regulatory constraints hinder effective cooperation. Successful examples of collaboration include resolving water pricing issues after 19 years of negotiation and managing communal water infrastructure through lease models, which improved sustainability. Crisis management, such as addressing water shortages during dry

periods, has also seen coordinated efforts, though a lack of clearly defined procedures often leads to inefficiencies. To enhance communication, stakeholders recommend establishing shared digital platforms like web GIS portals, creating common databases, and holding regular monthly meetings to ensure transparency and continuity. Clear procedures, joint planning, and additional training are also suggested to improve collaboration, ensuring consistent and effective communication even amid leadership changes. These improvements would foster better understanding, streamline decision-making, and enhance the provision of water supply and wastewater services.

In Republic of Srpska, Bosnia and Herzegovina, communication between LSGs and PUCs is frequent and collaborative, with daily interactions, regular meetings, and close cooperation between the LSG's communal department, PUC directors, and mayors. Tools like emails, phone calls, Viber groups, and platforms such as MIA (e-citizen platform) facilitate efficient information flow. While communication generally meets needs, challenges arise in balancing PUC sustainability requirements with LSG priorities, particularly in setting water service prices that are affordable for citizens yet economically viable for PUCs. Successful collaborations include joint projects like constructing transport pipelines and solar power plants to reduce operational costs, as well as participation in initiatives like MEG and WATSAN (water and sanitation projects financed by EU and/or EBRD), and World Bank projects. However, challenges remain in addressing large-scale projects, such as wastewater treatment plants, which require systematic planning and joint funding solutions. To improve cooperation, stakeholders recommend educating LSG councilors on water sector needs, formalizing agreements, and ensuring consistent communication through regulations and personnel planning. Joint project applications, additional training, and a shared commitment to collaboration are seen as key to enhancing communication and achieving sustainable water and sanitation services.

The most common forms of communication between LSGs and PUCs in Montenegro include phone calls, emails, and personal interactions, with some municipalities holding weekly meetings to monitor utility operations and plan activities. However, challenges such as limited staff, lack of formal protocols, and insufficient political support hinder effective communication and oversight. For instance, some municipalities lack dedicated personnel to monitor utility companies, leading to gaps in supervision and reporting. Financial sustainability is a major issue, with many PUCs struggling to cover operational costs due to low tariffs and high debts, particularly for electricity, forcing reliance on municipal subsidies. Successful collaborations, such as joint infrastructure projects and crisis management, demonstrate the potential of coordinated efforts, but these are often ad hoc and lack standardized protocols. Recommendations for improvement include establishing regular meetings, ensuring municipal representatives attend PUC board meetings, and creating clear communication and crisis management protocols. Additionally, enhancing staff capacity, adopting digital tools, and fostering political will are crucial for improving transparency, accountability, and the overall efficiency of water and sanitation services. Strengthening these partnerships will ensure better service delivery and infrastructure sustainability across the region.

The discussions during meetings and individual interviews in North Macedonia highlighted the current state of cooperation between LSGs and PUCs, identifying both challenges and opportunities for improvement. Participants acknowledged that while cooperation exists, it is often hindered by inefficient communication, regulatory inconsistencies, and resource allocation issues. Interviewees expressed support for regionalization as a potential solution to enhance service delivery, but skepticism remained due to unresolved operational and structural challenges. Key obstacles include unpaid municipal bills for water and sewer services, lack of structured collaboration frameworks, and insufficient engagement between LSGs and PUCs. Participants emphasized the need for a legal framework to mandate regular communication and accountability, as well as strategic planning to address financial and

operational inefficiencies. Overall, while regionalization holds promise, its success depends on resolving existing issues and fostering a more collaborative and transparent relationship between LSGs and PUCs to ensure improved water and sanitation services for communities.

In Serbia, the cooperation and communication between municipalities and water sector public utilities is characterized by frequent informal communication, primarily through phone calls and emails, with some municipalities holding regular meetings to address operational challenges. However, the lack of structured frameworks, formal protocols, and dedicated personnel often hinders effective collaboration and oversight. Financial sustainability remains a critical issue, as many PUCs struggle to cover operational costs due to low tariffs and reliance on municipal subsidies, particularly in rural areas. Successful examples of cooperation, such as joint infrastructure projects, demonstrate the potential of coordinated efforts, but these are often ad hoc and lack standardized procedures. Key challenges include unclear roles, inconsistent communication, and insufficient political support, which delay decision-making and crisis response. To improve collaboration, stakeholders recommend establishing formal service agreements, enhancing transparency through digital tools, and fostering a long-term vision for infrastructure development. Regionalization is seen as a potential solution, but skepticism persists due to unresolved operational and financial issues. Strengthening partnerships, improving communication, and addressing resource gaps are essential for ensuring sustainable and efficient water and sanitation services across Serbia.

## 6. Good Practices and Lessons Learned

The good practices and lessons from Western Balkans economies in the water and sanitation sector highlight the importance of collaboration, communication, and strategic planning in addressing communal infrastructure needs and improving public utility services.

### 6.1. Good Practices in the Western Balkan Region

In Albania, post-disaster collaboration between Water Supply Companies (WSCs) and municipalities has proven effective. For instance, after natural disasters like floods or earthquakes, joint damage assessments and public updates have enabled rapid crisis resolution and efficient restoration of water services, minimizing disruptions for citizens. This highlights the importance of establishing crisis communication protocols and joint response plans. Additionally, some municipalities and WSCs have adopted shared digital platforms to manage water supply projects, track progress, and share real-time data, improving transparency and reducing miscommunication. Leadership training programs have also been introduced to foster collaborative and citizen-centric governance, resulting in leaders with improved problem-solving skills and a stronger focus on public service delivery.

Real-time citizen feedback systems have been implemented in several municipalities in Serbia, allowing residents to report water supply issues via mobile apps or online platforms. These systems have improved service responsiveness, reduced complaint resolution times, and increased public satisfaction. Furthermore, specialized training programs for municipal inspectors have enhanced their ability to monitor PUC performance and enforce regulations, ensuring better service quality. A good example of inter-municipal cooperation in wastewater treatment in the Rasina district involves the collaboration between the City of Kruševac, and the municipalities of Brus, and Blace. These LSGs signed an inter-municipal cooperation agreement to join forces to develop joint management of wastewater treatment systems in the region, sharing costs, resources, and expertise to address environmental and public health challenges. By pooling their efforts, they will achieve economies of scale, improve

infrastructure efficiency, and ensure sustainable wastewater management for the entire region. This partnership highlights the benefits of inter-municipal cooperation in tackling complex environmental issues. Also, the LSGs within the Drina and Zapadna Morava basins have signed a cooperation agreement to enhance disaster risk reduction (DRR) efforts across the region. This collaboration focuses on joint planning, resource sharing, and coordinated response strategies to mitigate the impacts of natural disasters such as floods and landslides and includes a larger number of local actors, of which LSGs and PUCs are some of the most important.

Kosovo has seen successful collaboration in projects like the sewage system development in Gjakovë, where the Regional Water Company and the municipality worked closely to resolve land expropriation issues. Key factors included intensive communication, commitment to shared goals, and a positive problem-solving attitude. However, challenges remain, such as the lack of structured crisis management protocols during emergencies like floods, which caused delays and confusion. Recommendations include clarifying roles, reviewing service agreements, and formalizing communication protocols to improve collaboration.

In the Federation of Bosnia and Herzegovina, successful collaboration between PUCs and LSGs has led to significant improvements in water infrastructure. For example, joint efforts in developing water supply networks and reservoirs have enhanced service delivery through regular thematic meetings and clear reporting structures. During droughts, municipalities have provided logistical support, such as using municipal vehicles to transport water to affected areas, ensuring timely responses to crises. Additionally, the adjustment of water tariffs after 19 years in one municipality demonstrated effective collaboration, with both parties working together to ensure financial sustainability while considering the economic impact on residents.

Collaboration between PUCs and LSGs has been crucial in addressing infrastructure challenges in Republic of Srpska, Bosnia and Herzegovina. For instance, the reconstruction of a water supply network damaged by coal transport trucks was successfully completed through shared costs and joint efforts. Similarly, the purchase of sewage treatment equipment was made possible by partial funding from the LSG, ensuring uninterrupted service. Innovative approaches, such as the development of solar power plants to reduce operational costs have also been implemented, showcasing the benefits of collaborative planning and resource sharing.

Montenegro's water and sanitation sector has seen some progress through collaboration between local governments and utilities, with several standout success stories. In Kolašin, effective project cooperation and crisis management ensured timely responses to emergencies, while Nikšić improved service delivery through training, joint infrastructure planning, and self-reliant construction projects. Podgorica demonstrated strategic oversight in infrastructure investments, with swift crisis resolution backed by municipal support, and Herceg Novi excelled in cross-border water loss reduction, workforce development through school partnerships, and proactive weekly coordination. A particularly innovative achievement was seen in Cetinje, where the municipality and utility partnered to build a solar power plant, significantly reducing electricity costs and showcasing a sustainable, forward-thinking approach. This project, alongside infrastructure upgrades and public engagement through "System 48", highlights how integrated planning and renewable energy solutions can enhance efficiency in the sector. These successes underscore the importance of collaboration, innovation, and community involvement in advancing Montenegro's water and sanitation services.



In North Macedonia, effective cooperation is demonstrated when municipalities assist PUCs in critical construction activities, such as asphaltting areas affected by water supply defects, without expecting compensation. However, challenges like political interference in tariff approvals and the reluctance of communal inspectors to assist PUCs highlight the need for improved collaboration. Innovative approaches, such as hiring retired professionals to transfer knowledge to younger staff and LSGs acting as guarantors for PUC loans, have strengthened the financial and operational sustainability of utilities.

## **6.2. Lessons Learned**

Effective communication is a cornerstone of successful collaboration, as open and frequent dialogue between stakeholders helps address concerns and maintain transparency. For instance, Gjakovë's sewage project highlighted the importance of regular communication in ensuring smooth project execution. Equally critical are clear roles and responsibilities, particularly in crises. A structured crisis management plan with defined roles prevents confusion and delays, as demonstrated by the flood response, where clarity in roles is essential for an effective emergency reaction.

Coordination and commitment among partners are vital for overcoming obstacles and achieving project goals. Collaborative efforts across various projects have shown how teamwork and dedication can drive success. Additionally, a problem-solving attitude is key to resolving conflicts and finding mutually acceptable solutions. The expropriation case serves as an example of how a constructive, solution-oriented approach can lead to positive outcomes. Furthermore, maintaining a long-term vision, such as focusing on improved public health and infrastructure, can motivate stakeholders to endure short-term challenges. Strategic planning in water supply and wastewater projects underscores the value of forward-thinking and sustainable development.

The power of regular and transparent communication cannot be overstated. Consistent communication through meetings, reports, and calls ensures alignment on goals, progress, and challenges. For example, the development of the water supply network relied on regular thematic meetings and written proposals, which facilitated smooth execution. Joint problem-solving and shared responsibility also play a crucial role in efficient resource use and improved public services. This was evident in communal consumption programs, where coordinated seasonal maintenance tasks yielded significant benefits.

Innovative approaches to digitalization and technology have revolutionized project management by enhancing transparency and accountability. The use of digital platforms for tracking progress and managing funding applications, for instance, has greatly improved efficiency. Strategic planning and a long-term vision are equally important, as prioritizing long-term investments and aligning efforts toward shared goals maximize project impact. Strategic planning in water supply infrastructure has ensured sustainable service delivery, demonstrating the importance of forward-thinking.

Flexibility and adaptability are essential during crises, such as droughts or infrastructure failures. Quick decision-making and the ability to adjust plans are critical for maintaining service continuity. For example, prohibiting non-essential water use during dry periods effectively managed water scarcity. Building trust through frequent interaction is another key factor, as regular engagement fosters alignment and commitment among stakeholders.

Monthly meetings between PUC directors and mayors have been instrumental in maintaining focus on shared goals.

Finally, the power of shared responsibility and mutual support cannot be overlooked. Overcoming financial and operational challenges often requires collaborative efforts, as seen in the cost-sharing model for reconstructing the water supply network. This approach ensured prompt service restoration without major disruptions, highlighting the importance of mutual support in achieving successful outcomes.

### 6.3. Summary of Key Lessons

- **Communication:** Regulated and formalized, regular, transparent communication builds trust and ensures alignment.
- **Collaboration:** Joint problem-solving and shared responsibility lead to better outcomes.
- **Innovation:** Digital tools and technology improve efficiency and accountability.
- **Strategic Planning:** Jointly developed long-term vision and planning ensure sustainable results.
- **Adaptability:** Flexibility in crises ensures continuity of services.
- **Trust:** Frequent interaction fosters strong partnerships and mutual support.
- **Monitoring and oversight:** Efficient oversight and monitoring are prerequisites for good governance and informed decision-making and also lead to accountability.

## 7. Recommendations

The recommendations for improving communication and collaboration between LSGs and PUCs in the water supply and sanitation sector across the Western Balkans highlight several common themes and tailored approaches. Key priorities include formalizing communication protocols, enhancing transparency, and fostering joint planning and decision-making as well as introducing structured frameworks for communication, financial reforms, capacity-building programs and establishment of regular monitoring and oversight, to improve accountability.

In Albania, the focus is on establishing written protocols for regular communication, municipal funding for vulnerable households and leadership training to promote visionary and collaborative governance.

Kosovo emphasizes the need for policy reforms, such as reviewing service agreements and clarifying roles, alongside operational improvements like creating joint platforms for data sharing and regular communication protocols. Capacity-building initiatives, including training on effective communication and leadership development, are also recommended.

In the Federation of Bosnia and Herzegovina, policy recommendations include developing a national communication framework, clarifying responsibilities, and introducing a framework law for water services. Operational improvements focus on regular coordination meetings, joint planning, and digital tools like GIS portals for data sharing. Capacity-building efforts target technical training, project management, and leadership development for PUC directors and council members. In the Republic of Srpska, key recommendations include developing a unified public policy document to define responsibilities and goals, establishing mandatory communication plans, and lobbying for increased financial support. Operational improvements focus on regular coordination meetings, measurable operational goals, and enhanced citizen engagement while capacity-building efforts target communication training, financial management, and knowledge exchange.



Montenegro highlights the need for comprehensive legislative reform, enhanced governance, and institutional resilience through national strategies and simplified pricing methodologies. Operational recommendations include standardized crisis management, improved coordination, and public engagement, alongside capacity-building programs for workforce development and IT upgrades.

North Macedonia proposes legal measures to foster collaboration, formal guidelines for regular meetings, and enhanced utility department management, complemented by public awareness campaigns to improve revenue collection.

In Serbia, recommendations focus on establishing formal frameworks for dialogue, enhancing transparency through monitoring systems, and fostering inclusivity and innovation in governance.

Furthermore, across all Western Balkans, common challenges include also fragmented communication, unclear roles, and insufficient collaboration during crises. To address these, the recommendations advocate for structured frameworks, financial reforms, and capacity-building programs. Implementing these measures would align the water sector with EU standards, improve service delivery, and ensure sustainable infrastructure development, ultimately benefiting communities in the Western Balkans.

Recommendations for the improvement of the communication and collaboration between LSGs and PUCs in the water supply and sanitation sector across the Western Balkans can be summarized through thematic units as given below.

### **Policy Recommendations**

To improve water supply and sanitation services, the development of unified policy frameworks is essential. This includes creating comprehensive public policy documents to define roles, responsibilities, and strategic goals, as well as advocating for framework laws to ensure a uniform regulatory environment. Additionally, establishing national communication frameworks or platforms can outline clear communication channels and collaboration mechanisms. Clarifying the roles and responsibilities of LSGs and PUCs is equally important. This can be achieved by amending existing laws and regulations to define competencies clearly and developing mandatory communication plans that outline protocols for regular meetings, information sharing, and crisis management.

Enhancing financial support is another critical step. This involves lobbying for increased funding from local governments and external sources, such as subsidies and targeted grants for infrastructure improvements, as well as creating financial frameworks to ensure the sustainability of water and sanitation services. Strengthening governance is also vital, which can be done by introducing mandatory qualifications for utility board members, requiring periodic reporting to municipalities, and fostering collaboration through national associations of utilities and municipalities to share best practices and drive systemic improvements.

### **Operational Recommendations**

Improving coordination and communication between LSGs and PUCs is crucial. This can be achieved by scheduling regular meetings (monthly or quarterly) to discuss service quality, infrastructure projects, and crisis management, as well as establishing joint planning

committees to co-develop water supply and sanitation infrastructure projects. Implementing real-time feedback mechanisms for citizen complaints and service updates can further enhance responsiveness. Transparency and reporting should also be prioritized through the development of shared digital platforms, such as Web GIS portals and common databases, for efficient data sharing and project coordination. Providing monthly or quarterly reports on the status of water supply, drainage, and wastewater treatment will ensure accountability.

Strengthening crisis management is another key area. Formalizing crisis communication protocols for emergencies, such as water shortages or infrastructure failures, and conducting regular drills and scenario-based planning will ensure swift and effective responses. Prioritizing infrastructure management and sustainability is equally important. This includes developing clear investment plans for modernizing water networks, reducing water losses, and exploring renewable energy solutions, such as solar power, to lower operational costs and promote sustainability. Improved citizen engagement is also essential, which can be achieved through public education campaigns to build trust and awareness of water pricing structures and service delivery challenges, as well as developing user-friendly platforms for citizens to report issues and track progress.

### **Capacity Building Recommendations**

Capacity building efforts should focus on training programs for LSG and PUC staff, including communication training on conflict resolution, negotiation, and crisis communication, as well as technical training on modern water management techniques, infrastructure maintenance, and financial management. Leadership development programs for municipal leaders and PUC executives can foster collaborative and visionary governance. Knowledge-sharing platforms, such as forums and conferences, should be created to exchange successful strategies and best practices while leveraging insights from other municipalities and international benchmarks can enhance local capacity. Workforce development is also critical, which can be achieved by partnering with educational institutions to develop training programs for technical staff and promoting cross-training to ensure operational consistency during personnel changes. Strengthening municipal capacities, such as providing specialized training for inspectors and enhancing the capacity of council members to review PUC reports, will further support effective governance.

### **Cross-Cutting Themes**

Collaborative advocacy is essential to align efforts across municipalities, utilities, and ministries in advocating for supportive legislative and regulatory reforms. Strengthening partnerships with national and international organizations can also facilitate knowledge exchange and funding opportunities. Sustainability and resilience should be integrated into utility operations by adopting renewable energy solutions and modernizing strategies for managing water resources to address challenges like climate change and urbanization. Accountability and transparency must be prioritized through the development of systems to monitor and evaluate the effectiveness of policies and operational practices, as well as enhancing public trust through open communication and clear accountability mechanisms.

### **Specific Actions for Improvement**

To formalize collaboration, monthly joint meetings should be mandated, and service agreements defining roles, quality standards, and crisis protocols should be adopted. Strengthening municipal roles by requiring municipalities to co-fund PUC projects and

participate in supervisory boards will ensure greater involvement and accountability. Enhancing public engagement through transparent communication about service improvements and disruptions will build trust with citizens. Streamlining operations by simplifying administrative processes can avoid delays in project approvals and execution. Finally, protecting critical infrastructure by classifying water supply facilities as critical infrastructure and developing comprehensive protection strategies will ensure long-term resilience and service continuity.

## 8. Conclusion

The water and sanitation sector in the Western Balkans economies faces significant challenges, including governance gaps, financial sustainability issues, and institutional accountability. While frequent informal communication between LSGs and PUCs is common, the lack of structured frameworks hinders effective crisis response and long-term planning. Financial fragility remains a critical concern, with many PUCs unable to cover operational costs through tariffs, leading to reliance on state subsidies and underinvestment in infrastructure. Rural areas, in particular, experience disparities in service quality and policy awareness, highlighting the need for targeted interventions.

Successful examples, such as joint infrastructure projects, demonstrate the transformative potential of coordinated action. However, leadership gaps and the absence of medium and long-term planning often impede progress. To secure a sustainable future, the sector must prioritize three pillars of reform:

- **Institutionalizing Collaboration:** Formalize partnerships through mandatory service agreements, regional task forces, and structured communication protocols.
- **Financial Innovation:** Align tariffs with service costs, expand municipal co-funding, and streamline state subsidies.
- **Empowering Communities:** Integrate citizen feedback, leverage technology for transparency, and address urban-rural disparities.

The path forward requires commitment from all stakeholders including local governments, public utilities, regulators, and citizens. By fostering accountability, investing in leadership, and embracing digital tools, the sector can transform into a model of efficiency and equity.

In the Western Balkans, collaboration between LSGs and PUCs is critical but faces challenges. While collaboration is emphasized, communication gaps persist, particularly in policy engagement and decision-making. Limited involvement in national decision-making and inconsistent communication practices hinder progress. Formal reporting by PUCs contrasts with the less formal approach of municipalities, creating gaps in accountability. Municipalities often have limited powers in PUC governance, and formalized service contracts are frequently lacking. Both entities contribute to infrastructure planning, but PUCs are more involved in business planning. Inter-municipal cooperation is valued, though engagement levels vary. Future directions include bridging communication gaps, standardizing service quality monitoring, and improving financial transparency. Strengthening partnerships between LSGs and PUCs will enhance service delivery and infrastructure sustainability.

Effective communication and collaboration between LSGs and PUCs in the Western Balkans are essential but face challenges such as misaligned goals, unclear roles, and inconsistent communication practices. Timely coordination during emergencies, such as droughts or

infrastructure failures, is critical for minimizing disruptions. Transparency in sharing operational and performance data builds trust and supports informed decision-making. Joint efforts in budgeting and funding improve infrastructure sustainability, while inter-municipal collaboration enhances efficiency and addresses shared challenges. However, financial constraints, resource gaps, and skilled personnel shortages remain significant obstacles. Future research should explore digital communication tools, political influences on water governance, and strategies to address workforce shortages. Strengthening collaboration and transparency will ensure sustainable water and sanitation services across the region.

To improve communication and collaboration between LSGs and PUCs in the Western Balkans, the following steps are critical: organizing regular meetings and fostering daily interaction to address user concerns promptly; preparing monthly action lists with deadlines and conducting quarterly audits to track progress; ensuring PUC representatives attend municipal council meetings for transparent decision-making; and exploring regionalization and privatization as potential solutions, though skepticism remains about their effectiveness. Legislative and regulatory reforms are essential to empower PUCs, ensure fair pricing, and allocate responsibilities effectively. Capacity-building initiatives, such as workforce development programs and advanced IT systems, will further enhance efficiency and sustainability. By prioritizing innovation, collaboration, and accountability, the region can build resilient water and sanitation systems that meet the needs of its population.

The success of water and sanitation governance in the Western Balkans economies hinges on the willingness of all stakeholders to embrace and improve communication, innovation, collaboration, and accountability. By prioritizing these values, the region can set a benchmark for efficient, transparent, and sustainable water management. Building strong, cooperative relationships and communication culture between LSGs and PUCs will not only improve service delivery but also promote environmental responsibility and financial sustainability. The lessons learned from successful collaborations offer a roadmap for future efforts, ensuring that essential public services are delivered efficiently and sustainably for generations to come.

## Policy Position

for Advocating Collaboration and  
Communication between Local Self-government  
Units and Public Utility Companies in the Provision of  
Water and Sanitation Services

# 1. Background and Context

## 1.1. Overview of Water and Sanitation Services in the Western Balkans

Water and sanitation services (WSS) are fundamental to public health, environmental protection, and economic development. In the Western Balkans, these services are primarily managed through a shared responsibility between Local Self-Government Units (LSGs) and Public Utility Companies (PUCs). LSGs are typically responsible for policy-making, regulatory oversight, and capital investments, while PUCs handle the operational aspects, including infrastructure management and maintenance.

Despite their shared objectives, the provision of WSS in the region faces significant challenges. Many municipalities in the Western Balkans own public water utilities and play a critical role in decision-making processes related to these utilities. However, the lack of modern management standards, inadequate infrastructure, and insufficient collaboration between LSGs and PUCs often hinder the delivery of efficient, reliable, and sustainable services.

## 1.2. Challenges in Service Provision

The Western Balkans region faces several systemic challenges in the provision of WSS:

- **Fragmented Governance:** Responsibilities are often divided between LSGs and PUCs, leading to misaligned priorities and inefficiencies.
- **Communication Gaps:** Poor communication and coordination between LSGs and PUCs result in service disruptions, increased costs, and delayed responses to emergencies.
- **Aging Infrastructure:** Many water and sanitation systems are outdated, requiring significant investment for modernization and maintenance.
- **Financial Constraints:** Limited funding and underinvestment in WSS infrastructure exacerbate service delivery challenges.
- **Regulatory Compliance:** Meeting the requirements of the European Union Acquis Communautaire (Chapter 27) remains a significant hurdle for many municipalities and utilities.
- **Climate Change:** Increasingly unpredictable weather patterns and environmental pressures further strain already fragile systems.

## 1.3. Importance of Collaboration and Communication

Effective collaboration and communication between LSGs and PUCs are critical for addressing these challenges. A well-functioning partnership can lead to:

- **Improved Service Delivery:** Aligning goals and operations ensures more efficient and reliable WSS provision.
- **Resource Optimization:** Shared decision-making and transparent information exchange enable better utilization of financial and human resources.
- **Sustainable Practices:** Collaborative planning supports the integration of modern technologies and sustainable water management practices.



- Public Trust: Enhanced communication with communities fosters transparency and accountability, increasing public satisfaction and trust in services.

#### **1.4. Regional Context and Research Focus**

The Western Balkans region comprises six economies: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia. Each faces unique challenges in WSS provision, but common themes include the need for improved governance, better communication, and increased investment.

To address these issues, the Network of Associations of Local Authorities of South East Europe (NALAS) conducted a comprehensive regional study between September 2024 and January 2025. This research, supported by the Regional Capacity Development Network for Water and Sanitation Services (RCDN) and funded by SECO and BMZ/GIZ, aimed to:

- Assess the current state of collaboration and communication between LSGs and PUCs.
- Identify best practices and barriers to effective cooperation.
- Develop actionable recommendations to enhance WSS provision in the region.

The research covered a wide range of topics, including the roles and responsibilities of LSGs, oversight mechanisms, citizen participation, and the impact of communication on service delivery. It also explored the legal and regulatory frameworks governing WSS provision and gathered insights from stakeholders through surveys, focus groups, and interviews.

#### **1.5. Legal and Regulatory Framework**

The provision of WSS in the Western Balkans is governed by a complex web of national and regional regulations. While the European Charter on Local Self-Government guarantees local autonomy, the lack of harmonized policies and clear guidelines often creates challenges for LSGs and PUCs. Compliance with EU standards, particularly under Chapter 27 of the Acquis Communautaire, remains a key objective but requires significant institutional and financial support.

#### **1.6. Stakeholder Involvement**

Key stakeholders in the WSS sector include:

- Local Self-Government Units (LSGs): Responsible for policy-making and oversight.
- Public Utility Companies (PUCs): Tasked with operational management and service delivery.
- Local Self-Government Associations (LGAs): Articulating the views of local authorities, preparing advocacy materials, and building the capacity of local actors.
- Associations of Public Utility Companies (APUCs): Promoting water service efficiency and supporting sustainable water management practices among utility companies.
- National Governments: Provide regulatory frameworks and funding.
- International Organizations: Offer technical and financial support (e.g., EU, GIZ, SECO).
- Civil Society and Local Communities: Play a crucial role in advocating for equitable and sustainable services.

## **1.7. Research Methodology**

The regional study employed a mixed-method approach, combining desk research, surveys, and stakeholder interviews. Surveys were conducted with 100 LSGs and 109 PUCs across the region, while interviews provided qualitative insights into communication practices and collaboration challenges. The research aimed to identify gaps, highlight best practices, and propose solutions for improving WSS provision.

## **1.8. The Way Forward**

The findings of the regional study underscore the urgent need for enhanced collaboration and communication between LSGs and PUCs. By addressing systemic challenges, aligning priorities, and fostering a culture of cooperation, the Western Balkans can achieve significant improvements in WSS provision. This will not only enhance public health and environmental sustainability but also support the region's broader socio-economic development and EU integration goals.

## **2. Policy Objectives**

The primary objectives of this policy are to strengthen institutional and regulatory frameworks, enhance financial sustainability, and improve operational efficiency in the provision of water and sanitation services (WSS) across the Western Balkans. This includes establishing clear, unified, and EU-aligned legal frameworks to define the roles and responsibilities of Local Self-Government Units (LSGs) and Public Utility Companies (PUCs), reducing fragmentation, and ensuring compliance with EU standards. Financial sustainability will be achieved through fair tariff structures, increased funding, and innovative financing mechanisms such as public-private partnerships and EU grants, ensuring sustainable infrastructure development and affordable services for citizens. Operational efficiency will be prioritized by fostering effective collaboration and communication between LSGs and PUCs, optimizing resource allocation, and delivering reliable, equitable, and high-quality WSS to all communities.

To address regional disparities and improve service delivery, the policy promotes regionalization and inter-municipal cooperation, encouraging the formation of regional water utilities to enhance economies of scale, cost-sharing, and infrastructure development, particularly in rural and underserved areas. Building institutional and technical capacity is another key objective, with a focus on targeted training programs, knowledge-sharing platforms, and leadership development initiatives to empower staff, improve decision-making, and ensure sustainable WSS management. Additionally, the policy aims to enhance crisis management and resilience by developing robust protocols and contingency plans for emergencies such as floods, droughts, and infrastructure failures, minimizing service disruptions, and improving public safety.

Public engagement and transparency are central to the policy, with efforts to increase citizen participation in WSS planning and decision-making processes, and to improve transparency through real-time feedback mechanisms and public reporting. This will build greater public trust, increase accountability, and ensure more responsive service provision. The integration of sustainability and innovation is also a priority, promoting the adoption of renewable energy, water conservation practices, and smart water management systems to reduce environmental impact, lower operational costs, and ensure the long-term sustainability of water resources.

Accountability and performance monitoring will be strengthened through the establishment of clear performance indicators, regular audits, and evaluation mechanisms to ensure compliance with national and EU standards, improving service quality and financial

transparency. Finally, the policy aligns with EU integration goals by accelerating reforms to improve WSS infrastructure, governance, and service delivery, enhancing readiness for EU membership, and contributing to public health and environmental protection. Cross-cutting objectives include fostering a culture of collaboration, trust, and shared responsibility among LSGs, PUCs, and other stakeholders, ensuring a unified approach to addressing WSS challenges in the Western Balkans.

### **3. Policy Recommendations**

To enhance collaboration and communication between Local Self-Government Units (LSGs) and Public Utility Companies (PUCs) in the provision of water and sanitation services (WSS) in the Western Balkans, the following recommendations are proposed:

#### **3.1. Strengthen Institutional Frameworks**

- **Develop Unified Policy Documents:** Create comprehensive public policy frameworks by national associations of local authorities and water utilities to define roles, responsibilities, and strategic goals for LSGs and PUCs. This includes aligning national and local regulations with EU standards (e.g., the Drinking Water Directive and Urban Wastewater Treatment Directive).
- **Clarify Roles and Responsibilities:** Amend existing laws to clearly outline the competencies of LSGs and PUCs, ensuring no overlaps or gaps in service provision and oversight.
- **Establish National Communication Platforms:** Introduce standardized communication frameworks to facilitate regular dialogue, information sharing, and joint decision-making between LSGs and PUCs.

#### **3.2. Enhance Financial Sustainability**

- **Increase Funding and Subsidies:** Advocate for increased financial support from local governments, national budgets, and international donors to address infrastructure deficits and operational costs.
- **Introduce Tariff Reforms:** Develop fair and sustainable tariff structures that balance affordability for citizens with the financial viability of PUCs.
- **Promote Public-Private Partnerships (PPPs):** Encourage private sector involvement in infrastructure projects to leverage additional funding and expertise.

#### **3.3. Improve Operational Coordination**

- **Formalize Communication Protocols:** Mandate regular meetings (e.g., monthly or quarterly) between LSGs and PUCs to discuss service quality, infrastructure projects, and crisis management.
- **Develop Joint Planning Committees:** Establish committees to co-develop water supply and sanitation infrastructure projects, ensuring alignment of goals and resources.
- **Implement Digital Tools:** Introduce shared digital platforms (e.g., GIS portals, common databases) for real-time data sharing, project tracking, and performance monitoring.

#### **3.4. Strengthen Crisis Management**

- **Create Crisis Communication Protocols:** Formalize procedures for emergencies (e.g., floods, droughts) to ensure swift and coordinated responses.
- **Conduct Regular Drills and Training:** Organize scenario-based exercises to prepare LSGs and PUCs for effective crisis management.
- **Develop Contingency Plans:** Establish clear roles and responsibilities for crises, including resource allocation and public communication strategies.

### **3.5. Promote Capacity Building**

- **Training Programs:** Provide technical training for PUC staff on modern water management techniques, infrastructure maintenance, and financial management. Offer leadership development programs for municipal leaders to foster collaborative governance.
- **Knowledge-Sharing Platforms:** Create regional forums and conferences for LSGs and PUCs to exchange best practices and successful strategies.
- **Workforce Development:** Partner with educational institutions to develop training programs for technical staff and promote cross-training to ensure operational consistency.

### **3.6. Foster Public Engagement and Transparency**

- **Enhance Citizen Participation:** Develop user-friendly platforms for citizens to report issues, track progress, and provide feedback on WSS.
- **Public Awareness Campaigns:** Educate communities on water pricing structures, conservation practices, and the importance of timely bill payments.
- **Transparent Reporting:** Require PUCs to provide monthly or quarterly reports on service performance, infrastructure projects, and financial sustainability.

### **3.7. Encourage Regionalization through Inter-Municipal Cooperation**

- **Promote Regional Water Utilities:** Support the regionalization of water utilities through inter-municipal cooperation to improve efficiency, cost-sharing, and service delivery.
- **Develop Inter-Municipal Agreements:** Facilitate agreements between municipalities to jointly manage water and sanitation infrastructure, particularly in rural or underserved areas.
- **Leverage EU Funding:** Align regional projects with EU funding programs (e.g., IPA, EBRD) to secure financial and technical support.

### **3.8. Integrate Sustainability and Innovation**

- **Adopt Renewable Energy Solutions:** Invest in solar power and other renewable energy sources to reduce operational costs and promote environmental sustainability.
- **Modernize Infrastructure:** Prioritize investments in smart water management systems, leak detection technologies, and wastewater treatment facilities.
- **Climate Resilience Planning:** Develop long-term strategies to address the impacts of climate change, such as water scarcity and extreme weather events.

### **3.9. Ensure Accountability and Monitoring**

- **Establish Performance Indicators:** Develop clear metrics to evaluate the effectiveness of WSS provision, including service quality, financial performance, and infrastructure maintenance.
- **Regular Audits and Evaluations:** Conduct periodic audits of PUC operations and financial management to ensure transparency and accountability.
- **Strengthen Oversight Mechanisms:** Enhance the role of regulatory agencies in monitoring compliance with national and EU standards.

### **3.10. Specific Actions for Immediate Implementation**

- **Mandate Joint Meetings:** Require LSGs and PUCs to hold monthly joint meetings to discuss ongoing projects, challenges, and strategic priorities.
- **Adopt Service Agreements:** Formalize collaboration through written agreements that define roles, responsibilities, and quality standards.
- **Protect Critical Infrastructure:** Classify water supply facilities as critical infrastructure and develop comprehensive protection strategies to ensure long-term resilience.

## **4. Conclusion**

This policy paper intends to provide a comprehensive roadmap for addressing the systemic challenges in the water and sanitation sector across the Western Balkans, focusing on strengthening collaboration and communication between Local Self-Government Units (LSGs), Local Government Associations (LGAs), Public Utility Companies (PUCs), and their respective Associations (APUCs). By highlighting governance gaps, financial instability, and inconsistent communication practices, the paper underscores the urgent need for structured frameworks, financial innovation, and community empowerment. Successful examples of joint infrastructure projects demonstrate the transformative potential of coordinated action, while targeted interventions in rural areas aim to reduce disparities in service quality and policy awareness.

For NALAS, LGAs, and APUCs, this paper serves as a strategic tool to advocate for institutional reforms, foster inter-municipal cooperation and cross-sectoral cooperation, and promote sustainable water management practices. By leveraging the recommendations outlined here, these organizations can drive policy changes, facilitate capacity-building initiatives, and support the implementation of EU-aligned standards, ultimately ensuring equitable and efficient water and sanitation services for all communities in the region.

This policy paper aims to bridge the gaps in communication and collaboration between LSGs, LGAs, PUCs, and APUCs, offering actionable solutions to enhance the efficiency, transparency, and sustainability of water and sanitation services in the Western Balkans. By addressing challenges such as misaligned goals, financial constraints, and resource gaps, the paper provides a clear framework for fostering stronger partnerships and improving service delivery.

For NALAS, LGAs, and APUCs, the paper serves as a valuable resource for advocating legislative and regulatory reforms, promoting inter-municipal cooperation and utility-level cooperation, and integrating innovative technologies into water management systems. Moving forward, these organizations can use the paper to guide capacity-building programs, facilitate knowledge-sharing platforms between municipalities and utilities, and monitor the implementation of best practices across the region. By prioritizing accountability, innovation,

and collaboration, NALAS, LGAs, and APUCs can contribute to the transformation of the water and sanitation sector into a model of efficiency and equity, ensuring that essential public services are delivered sustainably for future generations.



## Annex 2

# Practical Guide

for Local Self-government Units and  
Local Government Associations in Western Balkans  
for Advancing Collaboration and Communication  
in the Provision of Water and Sanitation Services

## 1. Introduction

The Western Balkan region faces several challenges in the water and sanitation sector, many of which stem from fragmented governance, insufficient funding, and outdated infrastructure. Rapid urbanization and population growth have placed additional strain on already overburdened systems, leading to issues such as water losses, inadequate wastewater treatment, and unequal service distribution. Political and administrative fragmentation further complicates matters, as local governments and public utilities often operate independently, with limited coordination or shared planning. Additionally, climate change poses a growing threat, exacerbating water scarcity and increasing the frequency of extreme weather events. These challenges highlight the urgent need for improved collaboration and communication among stakeholders to develop resilient, adaptive, and inclusive water and sanitation systems that can meet the needs of all citizens in the region.

### 1.1. Purpose of the Guide

The purpose of this guide is to provide local self-government units and local government associations in the Western Balkan region with practical tools and strategies to enhance collaboration and communication in the provision of water and sanitation services. Effective collaboration among stakeholders, including municipalities, water utilities, public institutions (health care institutes, schools, etc.), citizens, and local businesses, is essential for ensuring sustainable, equitable, and efficient service delivery. This guide aims to bridge gaps in coordination, foster trust, and create a shared understanding of roles and responsibilities, ultimately leading to improved water and sanitation infrastructure and services. By promoting and actionable steps, the guide seeks to empower local actors to address the unique challenges of the region and work toward achieving universal access to clean water and sanitation.

Water and sanitation services are fundamental to public health, economic development, and environmental sustainability. However, delivering these services effectively requires the involvement of multiple stakeholders, each with distinct roles and expertise. Collaboration ensures that resources are pooled, knowledge is shared, and efforts are aligned toward common goals. For example, local governments may oversee policy and regulation, while utilities manage infrastructure and service delivery. Without effective communication, these entities risk working in silos, leading to inefficiencies, duplicated efforts, and gaps in service provision. Transparent and inclusive communication also builds trust with citizens, ensuring their needs are met and their voices are heard. In the context of the Western Balkans, where resources are often limited and infrastructure is aging, collaboration and communication are critical for overcoming systemic challenges and achieving long-term sustainability.

### 1.2. Target Audience for the Guide

The main target groups for the Practical Guide are the Local Self-government Units (LSGs), Local Government Associations (LGAs), and Water Public Utility Companies and Service Providers (PUCs) and their associations (APUCs) in the Western Balkan economies. In this respect, particular importance lies with the LGAs committees that deal with water and sanitation issues, bearing in mind their roles within the associations, including articulating the views of local authorities and preparing advocacy materials, but also building the capacity of local actors in the respective fields.

Local self-government units, such as municipalities and cities, are at the forefront of water and sanitation service provision in the Western Balkan region. They are responsible for planning,

regulating, and overseeing the delivery of these essential services to their communities. This guide is designed to support local governments, directly or via committees in their LGAs, strengthen their capacity to collaborate with other stakeholders, such as water utilities, associations of water utilities, regional associations, and citizens. By providing practical tools and strategies, the guide empowers municipalities to address challenges like aging infrastructure, unequal service distribution, and limited financial resources.

Local government associations play a critical role in representing the interests of municipalities and cities at the regional and national levels. The associations are well-positioned to facilitate knowledge sharing, advocate for policy reforms, and coordinate joint initiatives among their members. This guide aims to support LGAs in promoting best practices for collaboration and communication within their networks. By doing so, they can help bridge gaps between individual municipalities, foster regional cooperation, and amplify the collective voice of local governments in shaping water and sanitation policies.

Water utility companies and service providers are key operational actors in the water and sanitation sector, responsible for maintaining infrastructure, managing resources, and delivering services to end-users. However, they often face challenges such as technical limitations, financial constraints, and insufficient coordination with local governments. This guide offers water utilities and their APUCs practical recommendations to improve collaboration with local authorities and other stakeholders, ensuring that service delivery aligns with community needs and regulatory frameworks. This especially having in mind that APUCs in the Western Balkans play a key role in promoting regional cooperation, improving water service efficiency, and supporting sustainable water management practices among utility companies.

The success of water and sanitation services in the Western Balkan region depends on the active involvement and cooperation of these three key groups. Local self-government units provide the regulatory and planning framework, local government associations facilitate regional coordination and advocacy, and water utilities deliver the essential services on the ground. By targeting these audiences, the guide ensures that all critical stakeholders are equipped with the knowledge and tools needed to work together effectively. This collaborative approach is essential for addressing the region's unique challenges, such as fragmented governance, aging infrastructure, and climate change impacts, and for achieving sustainable and equitable access to water and sanitation services.

### **1.3. Scope and Objectives of the Practical Guide**

The scope of this practical guide is to address the critical need for enhanced collaboration and communication among key stakeholders in the water and sanitation sector within the Western Balkan region. It focuses on LSGs and Water Management Committees in LGAs, as well as PUCs and APUCs, recognizing their interconnected roles in service delivery. The guide covers a wide range of topics, from establishing multi-stakeholder platforms and developing joint action plans to improving public communication and leveraging technology for better resource management. It also considers the unique challenges of the region, such as fragmented governance, aging infrastructure, and climate change impacts, ensuring that the recommendations are context-specific and actionable.

The guide has several objectives, and a primary one is to offer concrete, step-by-step recommendations for fostering collaboration among LSGs, PUCs, and other stakeholders. This includes establishing formal mechanisms for dialogue, such as multi-stakeholder platforms, and creating joint action plans that align the efforts of all parties toward common

goals. It also emphasizes the importance of transparent and inclusive communication, both internally among stakeholders and externally with the public.

Other than that, the guide aims to foster sustainable and efficient water and sanitation services, making sustainability a core focus of the guide, with recommendations for long-term planning, resource management, and infrastructure development. It encourages stakeholders to adopt integrated water resources management (IWRM) principles, which balance social, economic, and environmental needs.

Efficiency is another key objective, with strategies for reducing water losses, optimizing operational processes, and leveraging technology for data-driven decision-making. The guide also highlights the importance of capacity building to ensure that local governments and utilities have the skills and knowledge needed to implement these strategies effectively.

Furthermore, the guide addresses regional challenges and promotes resilience. It is tailored to the specific challenges of the Western Balkan region, such as political fragmentation, limited financial resources, and the impacts of climate change. It provides adaptive strategies for building resilience, such as diversifying water sources, improving wastewater treatment, and enhancing emergency response capabilities. By promoting regional cooperation and knowledge sharing, the guide aims to create a unified approach to addressing these challenges, ensuring that no community is left behind in the pursuit of universal access to clean water and sanitation.

The guide also emphasizes the importance of continuous learning and improvement, with recommendations for capacity development at all levels, including representatives from all major target groups, LSGs, LGAs (Water Management Committees), PUCs, and APUCs.

Finally, the guide aligns with broader regional and global goals, such as the United Nations Sustainable Development Goal (SDG) 6, which aims to ensure the availability and sustainable management of water and sanitation for all. By providing practical, context-specific recommendations, the guide supports the Western Balkan region in making tangible progress toward these goals, while also addressing local priorities and challenges.

## 2. Water and Sanitation Sector Overview

The water and sanitation services (WSS) are fundamental to public health, environmental protection, and economic development. In the Western Balkans, these services are primarily managed through a shared responsibility between LSGs and PUCs. Local governments are typically responsible for policy-making, regulatory oversight, and capital investments, while PUCs handle the operational aspects, including infrastructure management and maintenance.

The water and sanitation services in Western Balkan economies exhibit a diverse landscape in terms of LSGs and PUCs, reflecting variations in administrative structures, population sizes, and service delivery models. Albania, with 61 LSGs, has 57 PUCs, indicating a nearly one-to-one ratio between municipalities and utility providers, though many PUCs operate regionally to serve multiple LSGs. Kosovo\*, on the other hand, has 38 LSGs but only 7 PUCs, underscoring its reliance on regional PUCs that service clusters of municipalities. This model allows Kosovo to pool resources and expertise, ensuring more efficient utility provision across its smaller geographic area.

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\* This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ opinion on Kosovo Declaration of Independence.

In Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina has 79 LSGs and 74 PUCs, while the Republic of Srpska has 60 LSGs and 48 PUCs. This reflects a more decentralized approach, with most LSGs managing their own PUCs. Montenegro, with 25 LSGs and 24 PUCs, also follows a similar pattern, with nearly every municipality having its own utility provider. North Macedonia, with 80 LSGs and 68 PUCs, shows a slight deviation from this trend, as some PUCs serve multiple LSGs. Serbia, the largest economy in the region, has 145 LSGs and 152 PUCs, indicating a complex and highly decentralized utility sector.

Overall, the Western Balkans have a total of 488 LSGs and 430 PUCs, highlighting the region's reliance on localized and regional utility management. While some economies, like Kosovo and Albania, emphasize regional PUCs to enhance efficiency, others, such as Serbia and Montenegro, maintain a more localized approach. This diversity reflects the unique administrative, geographic, and economic challenges faced by each economy in the region.

WSS in the Western Balkans is governed by a complex legal and institutional framework, shaped by national laws, EU-aligned regulations, and international agreements. Each economy has specific legislation, but all share the common goal of aligning with EU directives such as the Drinking Water Directive, the Urban Wastewater Treatment Directive, and the Water Framework Directive. For instance, Albania's Law on Integrated Water Resources Management (2012) and Kosovo's Law on Water (2013) ensure compliance with EU and WHO standards, while Bosnia and Herzegovina's fragmented governance results in entity-level regulations. Across the region, water and sanitation services are legally recognized as public interest, with national laws ensuring universal access, affordability, and municipal responsibility. This legal foundation underscores the importance of safe, sustainable, and accessible services, even as challenges like fragmented governance and aging infrastructure persist.

In the WB economies, responsibility for water and sanitation services is shared between central governments, local governments, and regulatory agencies. National governments set the legal and policy framework, while independent regulatory bodies oversee tariffs, service quality, and consumer protection. However, the primary responsibility lies with LSGs, which manage PUCs or delegate services to regional operators. Municipalities play a central role in adopting decisions on service provision, tariffs, and infrastructure development. In Bosnia and Herzegovina, responsibilities are divided among entities, cantons, and municipalities due to its complex governance structure. PUCs, typically owned by local governments, are the main service providers, with some economies like Kosovo and Albania relying on regional utilities to improve efficiency. Despite these structures, challenges such as political interference, capacity gaps, and rural-urban disparities hinder effective service delivery.

Strategic frameworks in the Western Balkans outline long-term goals for water supply and sanitation, aligning with EU standards and sustainability objectives. Albania's National Water Strategy (2018-2030), Kosovo's Water Strategy (2017-2036), and Montenegro's Water Management Strategy (2017-2035) emphasize infrastructure development and resource management. Similarly, North Macedonia and Serbia have national strategies guiding investment and regulatory improvements. These documents integrate with broader environmental and sustainable development plans, ensuring a coordinated approach to addressing the region's WSS challenges. However, achieving these goals requires significant investment, capacity building, and stronger collaboration between stakeholders.

The region faces systemic challenges, including fragmented governance, aging infrastructure, financial constraints, and the need for EU regulatory compliance. Climate change further strains water resources, exacerbating existing vulnerabilities. Addressing these issues requires enhanced collaboration and communication between LSGs and PUCs, as well as

regional cooperation through initiatives like the Network of Associations of Local Authorities of South East Europe (NALAS) and the Regional Capacity Development Network for Water and Sanitation Services (RCDN). By strengthening partnerships, optimizing resources, and adopting sustainable practices, the Western Balkans can improve service delivery and move closer to EU standards.

WSS in the Western Balkans is at a critical juncture. While the region has made progress in aligning its legal and strategic frameworks with EU standards, significant challenges remain. Strengthening governance, investing in infrastructure, and fostering regional cooperation are essential for ensuring sustainable and equitable access to water and sanitation services. By addressing these issues, the Western Balkans can enhance the quality of life for its citizens and advance its integration into the European Union.

### **3. Strengthening institutional frameworks**

Strengthening institutional frameworks is a foundational step in enhancing collaboration between LSGs and PUCs for effective WSS provision in the Western Balkans. By developing unified policy documents, clarifying roles and responsibilities, establishing communication platforms, and facilitating joint decision-making, LGAs through their committees can create an enabling environment for collaboration. Additionally, the Water Management Committees within associations must play an active role in advocacy, capacity building, knowledge sharing, and monitoring to ensure the sustainability of these frameworks. Through these efforts, as well as collaboration with APUCs, LGAs can help LSGs and PUCs work together seamlessly, ensuring that communities across the region have access to reliable and sustainable water and sanitation services.

#### **3.1. Develop Unified Policy Documents**

To strengthen institutional frameworks, the first critical step is the development of unified policy documents that clearly define the roles, responsibilities, and strategic goals of LSGs and PUCs. LGAs should take the lead in this process by conducting a comprehensive policy gap analysis. This involves reviewing existing policies, laws, and regulations to identify overlaps, gaps, and inconsistencies in the roles of LSGs and PUCs. Engaging legal experts, water utility associations, and stakeholders in this process ensures that the analysis is thorough and inclusive. Once gaps are identified, LGAs' Water Management Committees should come together and draft comprehensive policy frameworks that align with EU standards, such as the Drinking Water Directive and the Urban Wastewater Treatment Directive. These frameworks must clearly outline the responsibilities of LSGs (e.g., oversight, planning, and public engagement) and PUCs (e.g., service delivery, infrastructure maintenance, and financial management). To ensure adoption, LGAs should present these drafts to relevant ministries and regulatory bodies, advocating for their approval at the national level. This step is crucial for creating a harmonized approach to water and sanitation services (WSS) provision across the Western Balkans.

#### **3.2. Clarify Roles and Responsibilities**

A common challenge in WSS provision is the lack of clarity in roles and responsibilities between LSGs and PUCs, leading to inefficiencies and service gaps. To address this, LGAs must initiate a legal and regulatory review to identify ambiguities in existing laws. This review should focus on key areas such as infrastructure ownership, service delivery, tariff setting, and oversight mechanisms. Based on the findings, LGAs should draft proposed legal amendments that clearly delineate the competencies of LSGs and PUCs. For example, LSGs could be responsible for strategic planning and public engagement, while PUCs handle operational



delivery and maintenance. LGAs must then advocate for these amendments at the national level, leveraging their collective influence to lobby governments and parliaments. Once adopted, LGAs should develop implementation guidelines and provide training sessions for LSGs and PUCs to ensure understanding and compliance. This clarity will reduce overlaps, eliminate gaps, and foster a more collaborative environment between LSGs and PUCs.

### **3.3. Establish National Communication Platforms**

Effective collaboration between LSGs and PUCs requires regular and structured communication. LGAs should take the lead in establishing national communication platforms to facilitate dialogue, information sharing, and joint decision-making. These platforms can take the form of digital tools, such as web portals or mobile apps, that allow real-time data sharing, project tracking, and performance monitoring. LGAs should ensure these platforms are user-friendly, accessible, and multilingual to cater to diverse stakeholders. In addition to digital tools, LGAs should organize regular forums or meetings (e.g., quarterly or biannually) where LSGs and PUCs can discuss challenges, share best practices, and coordinate actions. Having in mind that Water Management Committees in the LGAs are already a kind of exchange platform, they should have a major role in this respect, both in an advisory sense and in terms of the existing structure. These forums should address critical issues such as infrastructure projects, crisis management, and policy updates. By formalizing communication protocols, LGAs can ensure that LSGs and PUCs work together seamlessly, reducing misunderstandings and improving service delivery.

### **3.4. Role of Local Government Associations (LGAs)**

LGAs and their Water Management Committees play a pivotal role in strengthening institutional frameworks for WSS provision. As the primary facilitators, LGAs must lead the development of unified policy documents and legal amendments, ensuring they are inclusive and address the needs of both urban and rural municipalities. LGAs should also act as advocates, lobbying national governments and parliaments to adopt proposed changes. This requires building coalitions with other stakeholders, such as water utility associations, civil society organizations, and international donors, to amplify their advocacy efforts. Additionally, LGAs should provide capacity-building support to LSGs and PUCs, organizing training programs and workshops to help them understand and implement new policies. LGAs must also establish monitoring and evaluation mechanisms to track the implementation of these frameworks, conducting periodic assessments to identify challenges and recommend improvements. By playing this multifaceted role, LGAs can ensure that institutional frameworks are not only developed but also effectively implemented.

### **3.5. Promote Knowledge Sharing and Best Practices**

To sustain the momentum of institutional strengthening, LGAs should promote knowledge sharing and best practices among LSGs and PUCs. This can be achieved by creating regional forums or conferences where municipalities and utilities can exchange experiences, challenges, and successful strategies. LGAs should also develop knowledge repositories, such as online databases or publications, that document case studies, guidelines, and toolkits for WSS provision. For example, a case study on successful tariff reforms in one municipality could serve as a model for others. LGAs should also facilitate peer-to-peer learning by organizing study visits or mentorship programs, where LSGs and PUCs can learn directly from their counterparts in other regions. By fostering a culture of knowledge sharing, LGAs can help LSGs and PUCs continuously improve their practices and adapt to emerging challenges.

### **3.6. Monitor and Evaluate Institutional Frameworks**

Finally, LGAs must ensure that the strengthened institutional frameworks are effectively implemented and sustained over time. This requires establishing performance indicators to evaluate the effectiveness of WSS provision, such as service quality, financial sustainability, and infrastructure maintenance. LGAs should conduct regular audits and evaluations of LSGs and PUCs to ensure compliance with the new frameworks. These evaluations should be transparent, with findings and recommendations published in accessible formats. LGAs should also strengthen oversight mechanisms by empowering regulatory agencies to monitor compliance with national and EU standards. By maintaining a robust monitoring and evaluation system, LGAs can ensure that institutional frameworks remain relevant and effective in addressing the evolving needs of WSS provision.

## **4. Diversify Investments and Financing Mechanisms**

To address the significant funding gaps in water and sanitation infrastructure, it is essential to diversify investments and financing mechanisms beyond traditional public funding and Public-Private Partnerships (PPPs). LGAs should take the lead in exploring and promoting a mix of financial tools and strategies to mobilize resources for WSS projects, with a particular focus on attracting development credits, donations, and community-based funding. This approach ensures that both urban and rural areas, especially underserved communities, benefit from sustainable and innovative financing solutions.

Diversifying investments and financing mechanisms is essential for ensuring the financial sustainability of water and sanitation services in the Western Balkans. By strengthening project preparation, attracting development credits, promoting community-based funding, and leveraging innovative financing tools, LGAs can help LSGs and PUCs mobilize the resources needed to modernize infrastructure and improve service delivery. This approach is particularly critical for rural and underserved communities, where traditional funding mechanisms may be less accessible. Through these efforts, LGAs can play a pivotal role in creating a sustainable and inclusive WSS sector that meets the needs of all communities.

### **4.1. Strengthen Project Preparation and Capacity Development**

A critical barrier to accessing development credits and donations is the lack of bankable projects and the capacity to manage them effectively. LGAs should prioritize project preparation by supporting LSGs and PUCs in developing high-quality, investment-ready proposals. This includes conducting feasibility studies, environmental impact assessments, and cost-benefit analyses to demonstrate the viability and impact of proposed projects. LGAs should also provide capacity-building programs to enhance the skills of municipal and utility staff in financial management, project design, and implementation. For example, training workshops on writing grant proposals, managing donor funds, and monitoring project outcomes can significantly improve the ability of LSGs and PUCs to attract and manage development credits and donations. Additionally, LGAs should establish technical assistance units to provide ongoing support to municipalities and utilities during project implementation, ensuring that funds are used efficiently and projects are completed on time.

### **4.2. Attract Development Credits and Donations**

Development credits and donations from international financial institutions (e.g., World Bank, EBRD, KfW) and donor agencies (e.g., EU, bilateral donors) are vital sources of funding for WSS projects, particularly in rural and underserved areas. LGAs should actively engage with these institutions to identify funding opportunities and align local projects with donor priorities, such as climate resilience, gender equality, and sustainable development. To maximize

success, LGAs should help LSGs and PUCs prepare comprehensive funding applications that highlight the social, economic, and environmental benefits of proposed projects. LGAs should also facilitate partnerships with NGOs and civil society organizations that have experience in managing donor-funded projects, leveraging their expertise to ensure effective implementation. Furthermore, LGAs should advocate for simplified application processes and increased funding allocations for small-scale and rural projects, which often face challenges in meeting complex donor requirements.

#### **4.3. Promote Community-Based Funding in Rural Areas**

In rural communities, where traditional financing mechanisms may be less accessible, community-based funding models offer a viable alternative. LGAs should promote innovative solutions such as cooperative investments, crowdfunding, and community revolving funds. Cooperative investments involve pooling resources from local households, businesses, and community organizations to fund WSS projects, fostering a sense of ownership and accountability. Crowdfunding platforms can be used to raise small contributions from a large number of individuals, both locally and globally, to support specific projects, such as building a new water well or installing a solar-powered pump. Community revolving funds, where initial investments are repaid and reinvested into new projects, can create a self-sustaining cycle of funding for WSS infrastructure. LGAs should provide technical and financial support to help rural communities establish and manage these funding mechanisms, ensuring transparency and sustainability.

#### **4.4. Leverage Innovative Financing Mechanisms**

Beyond traditional funding sources, LGAs should explore innovative financing mechanisms to mobilize additional resources for WSS projects. Green bonds, for example, can be issued to raise capital for environmentally sustainable projects, such as renewable energy-powered water treatment plants or climate-resilient infrastructure. Blended finance, which combines public and private funds, can be used to de-risk investments and attract private capital to high-impact projects. Social impact bonds can also be considered, where investors are repaid based on the achievement of specific social outcomes, such as improved access to clean water. In this respect, Water Management Committees have a role to play by organizing sessions on these topics and involving representatives of relevant stakeholders. LGAs should advocate for regulatory reforms to create an enabling environment for these mechanisms, such as tax incentives for green investments or streamlined approval processes for blended finance projects.

#### **4.5. Foster Local and Regional Partnerships**

To complement financing efforts, LGAs should foster local and regional partnerships that bring together diverse stakeholders, including municipalities, utilities, private sector actors, NGOs, and academic institutions. These partnerships can pool resources, share expertise, and coordinate efforts to address common challenges in WSS provision. For example, a regional partnership could jointly apply for EU funding to develop a cross-border water supply network, benefiting multiple communities. LGAs should also promote knowledge-sharing platforms where stakeholders can exchange best practices, lessons learned, and innovative financing solutions. By building strong partnerships, LGAs can create a collaborative ecosystem that supports sustainable and inclusive WSS development.

### **5. Improving operational coordination**

Improving operational coordination between LSGs and PUCs is one of the critical aspects of high-quality water and sanitation services. By formalizing communication protocols,

developing joint planning committees, implementing digital tools, and fostering a culture of collaboration, LGAs can help LSGs and PUCs work together more effectively. These efforts will not only enhance the efficiency and transparency of WSS provision but also ensure that infrastructure projects are well-coordinated, cost-effective, and responsive to community needs. Through continuous monitoring and evaluation, LGAs can sustain these improvements and create a collaborative ecosystem that supports sustainable and inclusive WSS development.

### **5.1. Formalize Communication Protocols**

Effective operational coordination begins with formalizing communication protocols to ensure regular and structured interaction between LSGs and PUCs. This can be achieved by mandating monthly or quarterly meetings where representatives from both entities discuss critical issues such as service quality, infrastructure projects, and crisis management. These meetings should have a clear agenda, focusing on key priorities like identifying service gaps, reviewing project progress, and addressing operational challenges. To ensure accountability, the outcomes of each meeting should be documented, with specific action items, responsible parties, and deadlines clearly outlined. LGAs should develop standardized templates for meeting minutes and action plans, which can be shared with all stakeholders for transparency. Additionally, LGAs should establish escalation mechanisms to address unresolved issues, ensuring that critical matters are promptly escalated to higher authorities for resolution. By formalizing communication protocols, LSGs and PUCs can build a culture of collaboration, reduce misunderstandings, and improve the overall efficiency of WSS provision.

### **5.2. Develop Joint Planning Committees**

To ensure that infrastructure projects are aligned with the needs and priorities of both LSGs and PUCs, it is essential to establish joint planning committees. These committees should include representatives from LSGs (e.g., municipal engineers, planners, and policymakers) and PUCs (e.g., technical experts, project managers, and financial officers). The first step is to define the mandate and scope of these committees, ensuring they have the authority to make decisions on project planning, budgeting, and implementation. The committees should then co-develop project plans that align with the strategic goals of both entities, such as expanding water coverage, improving treatment facilities, or reducing non-revenue water. These plans should include detailed timelines, resource allocations, and performance indicators to track progress. LGAs should provide capacity-building support to committee members, offering training on collaborative planning, conflict resolution, and project management. By fostering joint planning, LSGs and PUCs can ensure that infrastructure projects are well-coordinated, cost-effective, and responsive to community needs.

### **5.3. Implement Digital Tools**

In today's digital age, leveraging technology is crucial for improving operational coordination between LSGs and PUCs. Shared digital platforms, such as Geographic Information Systems (GIS) portals and common databases, can facilitate real-time data sharing, project tracking, and performance monitoring. LGAs should take the lead in investing in these tools, ensuring they are user-friendly, accessible, and compatible with existing systems. For example, GIS portals can be used to map water networks, identify leakages, and plan infrastructure upgrades, while common databases can store information on service quality, customer complaints, and financial performance. To maximize the effectiveness of these tools, LGAs should organize training programs for LSG and PUC staff, covering topics such as data entry, analysis, and reporting. Additionally, LGAs should establish data-sharing protocols to ensure that information is updated regularly and accessible to all relevant stakeholders. By

implementing digital tools, LSGs and PUCs can enhance their operational efficiency, make data-driven decisions, and improve the transparency and accountability of WSS provision.

#### **5.4. Establish Clear Roles and Responsibilities**

A common challenge in operational coordination is the lack of clarity in roles and responsibilities, which can lead to duplication of efforts or gaps in service delivery. To address this, LGAs should work with LSGs and PUCs and their APUCs to define and document the roles and responsibilities of each entity in the WSS provision. This includes outlining who is responsible for planning, implementation, maintenance, and oversight of different aspects of WSS, such as water supply, wastewater treatment, and customer service. LGAs should develop frameworks providing clarity of roles that can be incorporated into service agreements or memoranda of understanding (MoUs) between LSGs and PUCs. These frameworks should be regularly reviewed and updated to reflect changing needs and priorities. By establishing clear roles and responsibilities, LSGs and PUCs can avoid conflicts, streamline operations, and ensure that all aspects of WSS provision are adequately covered.

#### **5.5. Foster a Culture of Collaboration**

Improving operational coordination requires more than just formal structures and tools; it also requires fostering a culture of collaboration between LSGs and PUCs. LGAs through Water Management Committees should organize team-building activities and workshops to strengthen relationships and build trust between staff from both entities. This activity could be a collaborative effort with APUCs and can include joint training sessions, site visits to successful projects, and problem-solving exercises. LGAs should also recognize and reward collaborative efforts, such as through awards or public acknowledgments, to motivate staff and reinforce the importance of teamwork. Additionally, LGAs should promote knowledge-sharing platforms, such as online forums or newsletters, where LSGs and PUCs can exchange best practices, lessons learned, and innovative solutions. By fostering a culture of collaboration, LGAs can create an environment where LSGs and PUCs work together seamlessly to achieve common goals.

#### **5.6. Monitor and Evaluate Coordination Efforts**

To ensure that operational coordination efforts are effective, LGAs must establish monitoring and evaluation mechanisms. This involves developing performance indicators to assess the quality of coordination, such as the frequency of meetings, the completion rate of action items, and the timeliness of project delivery. LGAs should conduct regular evaluations of coordination efforts, gathering feedback from LSGs, PUCs, and other stakeholders to identify strengths and areas for improvement. These evaluations should be documented and shared with all relevant parties to ensure transparency and accountability. Based on the findings, LGAs should provide recommendations for improvement, such as revising communication protocols, enhancing training programs, or upgrading digital tools. By continuously monitoring and evaluating coordination efforts, LGAs can ensure that LSGs and PUCs remain aligned and effective in their collaboration.

### **6. Strengthen Crisis Management**

Strengthening crisis management can prove to be a major precondition for ensuring the resilience and sustainability of water and sanitation services in the Western Balkans. By creating crisis communication protocols, conducting regular drills, and developing contingency plans, LGAs can help LSGs and PUCs respond effectively to emergencies. These efforts will not only enhance the quality and reliability of WSS provision but also ensure that communities are better prepared to face crises and build a more sustainable future. Through continuous



monitoring and evaluation, LGAs can sustain these improvements and create a collaborative ecosystem that supports effective crisis management.

### **6.1. Create Crisis Communication Protocols**

Effective crisis management begins with formalizing crisis communication protocols to ensure a swift and coordinated response during emergencies such as floods, droughts, pipe bursts, or water contamination. Local Government Associations (LGAs) should lead the development of a crisis response manual that outlines clear roles and responsibilities for LSGs, PUCs, and other stakeholders. This manual should include step-by-step procedures for different types of emergencies, such as activating emergency response teams, communicating with the public, and coordinating with external agencies (e.g., disaster management authorities and health departments). The manual should also specify escalation pathways for unresolved issues, ensuring that critical matters are promptly escalated to higher authorities. LGAs should establish emergency contact lists that include key personnel from LSGs, PUCs, and relevant organizations, ensuring that contact information is regularly updated and accessible. Additionally, LGAs should set up dedicated communication channels, such as hotlines, messaging apps, or radio frequencies, to facilitate real-time information sharing during crises. These channels should be tested regularly to ensure functionality during emergencies. By formalizing these protocols, LSGs and PUCs can minimize confusion, reduce response times, and ensure the safety and well-being of communities during emergencies.

### **6.2. Conduct Regular Drills and Training**

To ensure preparedness for crises, LGAs should organize regular drills and training sessions that simulate real-life emergencies. These exercises should be scenario-based, covering a range of potential crises such as pipe bursts, water contamination, floods, and droughts. For example, a drill could simulate a sudden pipe burst in a densely populated area, requiring LSGs and PUCs to coordinate repairs, reroute the water supply, and communicate with affected residents. LGAs should involve all relevant stakeholders, including municipal staff, utility workers, emergency responders, and community representatives, to ensure a comprehensive and coordinated response. The drills should be designed to test specific aspects of crisis management, such as communication efficiency, resource allocation, and decision-making processes. After each drill, LGAs should conduct performance evaluations to identify strengths and areas for improvement. These evaluations should be documented, with actionable recommendations for enhancing crisis preparedness. For instance, if a drill reveals delays in mobilizing repair teams, LGAs could recommend pre-positioning emergency repair kits in strategic locations. By conducting regular drills and training, LGAs can help LSGs and PUCs build the skills and confidence needed to respond effectively to emergencies.

### **6.3. Develop Contingency Plans**

In addition to communication protocols and drills, LGAs in cooperation with APUCs should support LSGs and PUCs in developing comprehensive contingency plans to address potential crises. These plans should identify critical infrastructure, such as water treatment plants, pumping stations, and distribution networks, and prioritize protection measures to ensure their resilience during emergencies. For example, contingency plans could include strategies for securing backup power supplies, stockpiling essential equipment, and establishing alternative water sources. LGAs should also ensure that emergency funds and resources are allocated in advance, with clear guidelines for their use during crises. This includes setting aside budgets for emergency repairs, relief supplies, and public communication campaigns. Contingency plans should be regularly reviewed and updated to reflect changing risks and priorities, such as the increasing impacts of climate change. For instance, in regions prone to droughts, contingency plans could include measures for water rationing, rainwater harvesting,



and desalination. LGAs should facilitate stakeholder workshops to gather input and ensure that contingency plans are comprehensive and inclusive. By developing robust contingency plans, LGAs can help LSGs and PUCs mitigate the impacts of crises and ensure the continuity of WSS provision.

## **7. Promote Capacity Building**

Promoting capacity building remains a most significant element for ensuring the resilience and sustainability of water and sanitation services in the Western Balkans. By organizing tailored training programs, establishing knowledge-sharing platforms, and investing in workforce development, LGAs can equip LSGs and PUCs with the knowledge and skills needed to manage WSS effectively and respond to crises. These efforts will not only enhance the quality and reliability of WSS provision but also ensure that communities are better prepared to face challenges and build a more sustainable future. Through continuous monitoring and evaluation, LGAs can sustain these improvements and create a collaborative ecosystem that supports effective capacity building.

### **7.1. Training Programs**

Building the capacity of LSGs and PUCs is essential for effective WSS provision and crisis management. Local Government Associations (LGAs) should organize tailored training programs for PUC staff and municipal leaders, focusing on both technical and leadership skills. Technical training should cover topics such as modern water management techniques, infrastructure maintenance, and crisis response strategies. For example, workshops could be conducted on leak detection technologies, water quality monitoring, and emergency repair procedures. Leadership training, on the other hand, should focus on skills such as strategic planning, stakeholder engagement, and conflict resolution. LGAs should partner with training institutions, such as universities, technical schools, and professional organizations, to design and deliver these programs. The training should be tailored to the specific needs of LSGs and PUCs, taking into account regional challenges such as aging infrastructure, climate change, and financial constraints. Additionally, LGAs should offer online training modules to ensure accessibility for staff in remote or underserved areas. By investing in capacity building, LGAs can equip LSGs and PUCs with the knowledge and skills needed to manage WSS effectively and respond to crises.

### **7.2. Knowledge-Sharing Platforms**

To complement training programs, LGAs should establish knowledge-sharing platforms where LSGs, PUCs, and other stakeholders can exchange best practices, lessons learned, and innovative solutions. These platforms can take the form of regional forums, online communities, or annual conferences, where participants can discuss challenges, share success stories, and explore new approaches to WSS provision. For example, a municipality that has successfully implemented a drought contingency plan could share its experiences with others facing similar challenges. LGAs should also develop knowledge repositories, such as online databases or publications, that document case studies, technical guidelines, and training materials. These repositories should be easily accessible and regularly updated to ensure relevance. By fostering knowledge sharing, LGAs can create a collaborative learning environment that supports continuous improvement and innovation in WSS provision. Additionally, LGAs should facilitate peer-to-peer learning by organizing study visits or mentorship programs, where LSGs and PUCs can learn directly from their counterparts in other regions.

### **7.3. Workforce Development**

Ensuring a skilled and motivated workforce is critical for the long-term sustainability of WSS provision. LGAs should partner with educational institutions to develop training programs for technical staff, such as engineers, technicians, and operators. These programs should align with the needs of the WSS sector, focusing on areas such as water treatment, network management, and renewable energy integration. LGAs should also promote cross-training initiatives, where staff from LSGs and PUCs are trained in multiple disciplines to ensure operational consistency and flexibility. For example, a technician trained in both water supply and wastewater treatment can provide support across different areas during emergencies. Additionally, LGAs should advocate for career development opportunities, such as certifications, apprenticeships, and leadership programs, to attract and retain talent in the WSS sector. Scholarships and grants can be offered to students pursuing water management careers, ensuring a pipeline of skilled professionals for the future. By investing in workforce development, LGAs can build a resilient and capable workforce that drives the success of WSS provision.

## **8. Foster Public Engagement and Transparency**

Fostering public engagement and transparency is essential for ensuring the sustainability and effectiveness of water and sanitation services. By enhancing citizen participation, launching public awareness campaigns, and ensuring transparent reporting, LGAs can build trust, improve service delivery, and promote responsible water use. These efforts will not only enhance the quality and reliability of WSS provision but also ensure that communities are actively involved in the management of their water resources. Through continuous monitoring and evaluation, LGAs can sustain these improvements and create a collaborative ecosystem that supports effective public engagement and transparency.

### **8.1. Enhance Citizen Participation**

Engaging citizens in the management of water and sanitation services is crucial for ensuring accountability and responsiveness. LGAs should encourage the development of user-friendly platforms and mechanisms like Municipal Green Councils that allow citizens to report issues, provide feedback, and track the progress of WSS projects. These platforms can take the form of mobile apps or online portals, where users can submit complaints, request services, and receive updates on resolutions. For example, a mobile app could allow residents to report water leaks, low pressure, or billing issues directly to PUCs, with real-time tracking of the status of their complaints. LGAs should also organize community meetings and town halls to gather input from residents, particularly in underserved or rural areas. These meetings should be inclusive, ensuring that marginalized groups, such as women, the elderly, and low-income households, have a voice in decision-making. By enhancing citizen participation, LGAs can build trust, improve service delivery, and ensure that WSS provision meets the needs of all community members.

### **8.2. Public Awareness Campaigns**

Educating communities on water conservation, pricing structures, and the importance of timely bill payments is essential for promoting sustainable water use and the financial viability of PUCs. LSGs should launch public awareness campaigns using a mix of traditional and digital media, such as social media, radio, TV, and print materials. These campaigns should focus on key messages, such as the importance of reducing water waste, the benefits of paying bills on time, and the role of citizens in maintaining water infrastructure. For example, a social media campaign could feature short videos explaining how small actions, like fixing leaks or using water-efficient appliances, can make a big difference. Workshops and interactive

sessions can be organized in schools to teach students about water conservation and the water cycle, fostering a culture of sustainability from a young age.

### **8.3. Transparent Reporting**

Transparency in the operations and performance of PUCs is essential for building public trust and ensuring accountability. LSGs should require PUCs to provide regular performance reports that detail service quality, infrastructure projects, and financial sustainability. These reports should be published monthly or quarterly and made accessible to the public via websites, community centers, and local government offices. The reports should include key metrics, such as water quality indicators, service interruption statistics, revenue collection rates, and project completion timelines. LSGs should also establish feedback mechanisms that allow citizens to comment on the reports and suggest improvements. By ensuring transparent reporting, LSGs can demonstrate the value of WSS investments, hold PUCs accountable for their performance, and build public confidence in the sector.

## **9. Encourage Regionalization through Inter-Municipal Cooperation**

Encouraging regionalization through inter-municipal cooperation could be a powerful strategy for improving the efficiency, sustainability, and resilience of water and sanitation services in the Western Balkans. By promoting regional water utilities, developing inter-municipal agreements, and leveraging EU funding, LGAs can help municipalities pool resources, share expertise, and achieve economies of scale. These efforts will not only enhance the quality and reliability of WSS provision but also ensure that communities are better prepared to face challenges and build a more sustainable future. Through continuous monitoring and evaluation, LSAs can sustain these improvements and create a collaborative ecosystem that supports effective regionalization.

### **9.1. Promoting Regional Water Utilities**

Regionalization of water utilities can significantly improve the efficiency, cost-effectiveness, and sustainability of WSS provision by pooling resources and expertise across multiple municipalities. LGAs should take the lead in promoting regional water utilities by identifying municipalities that are willing to cooperate and have complementary needs and resources. For example, a group of neighboring municipalities with shared water sources or infrastructure challenges could form a regional utility. LGAs should facilitate discussions among these municipalities to develop shared governance structures that define the roles, responsibilities, and decision-making processes of the regional utility. These structures should ensure equitable representation of all participating municipalities and include mechanisms for conflict resolution. LGAs should also assist in identifying and securing technical and financial support to help municipalities transition to regional utilities, such as conducting feasibility studies, drafting governance frameworks, and securing initial funding. By promoting regional water utilities, LGAs can help municipalities achieve economies of scale, improve service delivery, and enhance the resilience of WSS infrastructure.

### **9.2. Development Inter-Municipal Agreements**

To formalize cooperation among municipalities, LGAs should facilitate the development of inter-municipal agreements that outline the terms of joint infrastructure management. These agreements should clearly define the cost-sharing arrangements, responsibilities, and benefits for each participating municipality. For example, an agreement could specify how costs for a new water treatment plant will be divided, how maintenance responsibilities will be allocated, and how water will be distributed among municipalities. LGAs should provide templates and

guidelines to help municipalities draft these agreements, ensuring they are comprehensive and legally sound. Once drafted, LGAs should assist municipalities in securing legal approval for the agreements, working with national and regional authorities to address any regulatory or administrative hurdles. By formalizing inter-municipal cooperation through written agreements, LGAs can ensure that all parties are committed to the partnership and that the collaboration is sustainable and effective.

### **9.3. Leverage EU Funding**

Regionalization projects often require significant investment, and leveraging EU funding programs can provide the necessary financial support. LGAs should actively promote alignment of regional projects with EU funding programs, such as the Instrument for Pre-Accession Assistance (IPA) and the European Bank for Reconstruction and Development (EBRD). This involves identifying suitable funding opportunities and assisting municipalities in preparing high-quality project proposals that meet EU requirements. For example, a regional water utility project could apply for IPA funding to upgrade water treatment facilities or expand distribution networks. LGAs should organize workshops and training sessions to help municipalities understand the application process, develop competitive proposals, and ensure compliance with EU project requirements. Additionally, LGAs should facilitate partnerships with EU institutions and international organizations to access technical assistance and expertise. By leveraging EU funding, LGAs can help municipalities secure the resources needed to implement regionalization projects and achieve their WSS goals.

## **10. Integrate Sustainability and Innovation**

Integrating sustainability and innovation into water and sanitation services is definitely a way forward for ensuring the long-term viability and resilience of WSS provision. By adopting renewable energy solutions, modernizing infrastructure, and developing climate resilience strategies, LGAs can help LSGs and PUCs reduce costs, improve efficiency, and enhance service quality. These efforts will not only address current challenges but also prepare communities for future uncertainties, such as climate change and resource scarcity. Through continuous monitoring and evaluation, LGAs can sustain these improvements and create a collaborative ecosystem that supports sustainable and innovative WSS provision.

### **10.1. Adopt Renewable Energy Solutions**

Integrating renewable energy solutions into WSS operations is essential for reducing operational costs, minimizing environmental impact, and enhancing energy independence. LGAs should encourage LSGs and PUCs to invest in solar power, wind energy, and other renewable sources to power water treatment plants, pumping stations, and other infrastructure. The first step is to conduct feasibility studies to assess the potential for renewable energy projects in different regions. These studies should evaluate factors such as solar irradiance, and energy consumption patterns of WSS facilities. Based on the findings, LGAs should facilitate project preparation and design of implementation measures. For example, a solar-powered water treatment plant could significantly reduce energy costs and carbon emissions. LGAs should also explore funding opportunities, such as EU grants or green bonds, to support these investments. By adopting renewable energy solutions, LSGs and PUCs can achieve long-term cost savings, reduce their carbon footprint, and contribute to global sustainability goals.

### **10.2. Modernization of Infrastructure**

Modernizing WSS infrastructure is critical for improving efficiency, reducing water losses, and enhancing service quality. LGAs should encourage prioritization of investments in smart water

management systems that leverage advanced technologies to optimize operations. This includes installing leak detection technologies to identify and repair leaks in the distribution network, reducing non-revenue water, and conserving resources. Smart meters should be deployed to monitor water usage in real time, enabling accurate billing and helping consumers track their consumption. LGAs should mediate in identifying technical assistance and funding support to help LSGs and PUCs implement these modernization projects. By modernizing infrastructure, LSGs and PUCs can enhance operational efficiency, reduce costs, and provide better services to communities.

### **10.3. Climate Resilience Planning**

Climate change poses significant risks to WSS provision, including increased water scarcity, extreme weather events, and rising temperatures. LGAs should support LSGs and PUCs in developing long-term climate resilience strategies to address these challenges. The first step is to conduct risk assessments to identify vulnerabilities related to climate change, such as reduced water availability, flooding, and infrastructure damage. These assessments should involve stakeholders from various sectors, including water management, disaster response, and environmental protection. Based on the findings, LGAs should help LSGs and PUCs integrate climate resilience into infrastructure planning and design. For example, new water storage facilities could be designed to withstand extreme weather events, and distribution networks could be reinforced to prevent damage from flooding. LGAs should also promote nature-based solutions, such as green infrastructure and watershed management, to enhance resilience and provide multiple benefits, such as flood control and biodiversity conservation. By incorporating climate resilience into planning, LSGs and PUCs can ensure the sustainability and reliability of WSS provision in the face of climate change.

## **11. Mandate Joint Meetings and Service Agreements**

Joint meetings between LSG and PUC representatives, and adopting service agreements, can be essential steps for ensuring the efficiency, accountability, and resilience of water and sanitation services. By creating structured platforms for collaboration and formalizing roles and responsibilities, WSS provision can be enhanced, and the quality and reliability can be increased.

### **11.1. Mandate Joint Meetings**

To foster collaboration and ensure alignment between LSGs and PUCs, it is essential to mandate regular joint meetings. These meetings should be held monthly or quarterly and serve as a platform for discussing ongoing projects, addressing challenges, and aligning strategic priorities. LGAs advocate for such an approach among LSGs and PUCs. For example, a meeting agenda of joint meetings could include updates on the progress of a new water treatment plant, discussions on resolving customer complaints, and planning for upcoming maintenance activities. To ensure accountability, the outcomes of each meeting should be documented, with specific action items, responsible parties, and deadlines clearly outlined. LGAs could develop standardized templates for meeting agendas, minutes, and action plans, which can be shared with all stakeholders for transparency. Additionally, LGAs should establish follow-up mechanisms to track progress on action items, ensuring that decisions made during meetings are implemented promptly. By mandating joint meetings, LGAs can create a structured and consistent platform for collaboration, reducing misunderstandings and improving the overall efficiency of WSS provision.



## 11.2. Adopt Service Agreements

Formalizing collaboration between LSGs and PUCs through written service agreements is crucial for ensuring clarity, accountability, and quality in WSS provision. LGAs should facilitate the drafting of these agreements, which should clearly define the roles, responsibilities, and quality standards for both parties. For example, an agreement could specify that LSGs are responsible for strategic planning and public engagement, while PUCs handle operational delivery and maintenance. The agreements should also include performance metrics to measure service quality, such as response times for repairs, water quality standards, and customer satisfaction levels. LGAs should organize stakeholder workshops to gather input and ensure that the agreements are comprehensive and inclusive. Once drafted, the agreements should be signed by all relevant stakeholders, including municipal leaders, utility managers, and regulatory authorities. LGAs should also provide training and support to help LSGs and PUCs implement the agreements effectively, ensuring that all parties understand their obligations and commitments.

## 12. Summary of Actions and Steps

This section presents structured steps and actions for the practical guide implementation. The guide is designed to be actionable and easy to follow and provides a step-by-step framework for LSGs and PUCs to implement the recommendations for improving water and sanitation services proposed in the Policy Paper. It focuses on strengthening institutional frameworks, enhancing financial sustainability, improving operational coordination, and fostering public engagement.

### 12.1. Strengthen Institutional Frameworks

**Action to Develop Unified Policy Documents:** Collaborate with national associations of local authorities and water utilities to draft comprehensive policy frameworks.

**Steps:**

- Align policies with EU standards (e.g., Drinking Water Directive, Urban Wastewater Treatment Directive).
- Define roles, responsibilities, and strategic goals for LSGs and PUCs.
- Submit drafts to the relevant ministries for approval.

**Action to Clarify Roles and Responsibilities:** Amend existing laws to eliminate overlaps or gaps in service provision.

**Steps:**

- Conduct a legal review to identify ambiguities.
- Propose amendments to clarify the competencies of LSGs and PUCs.
- Advocate for legislative changes through local and national channels.

**Action to Establish National Communication Platforms:** Create standardized communication frameworks for regular dialogue.

**Steps:**

- Develop a digital platform for information sharing and joint decision-making.
- Organize quarterly forums for LSGs and PUCs to discuss challenges and solutions.



## 12.2. Enhance Financial Sustainability

**Action to Increase Funding and Subsidies:** Advocate for financial support from local governments, national budgets, and international donors.

**Steps:**

- Prepare detailed project proposals highlighting infrastructure deficits.
- Engage with international donors (e.g., EU, World Bank) for funding opportunities.

**Action to Introduce Tariff Reforms:** Develop fair and sustainable tariff structures.

**Steps:**

- Conduct affordability studies to balance citizen needs and PUC viability.
- Pilot new tariff models in select municipalities before scaling up.

**Action to Diversify Investments and Financing Mechanisms:** Encourage private sector involvement in infrastructure projects.

**Steps:**

- Strengthen project preparation.
- Attract development credits and donations, and promote community-based funding.
- Leverage innovative financing mechanisms and foster local and regional partnerships.

## 12.3. Improve Operational Coordination

**Action to Formalize Communication Protocols:** Mandate regular meetings between LSGs and PUCs.

**Steps:**

- Schedule monthly or quarterly meetings to discuss service quality and projects.
- Document meeting outcomes and action items for follow-up.

**Action to Develop Joint Planning Committees:** Establish committees to co-develop infrastructure projects.

**Steps:**

- Identify representatives from LSGs and PUCs for committee membership.
- Develop joint project plans with aligned goals and timelines.

**Action to Implement Digital Tools:** Introduce shared digital platforms for real-time data sharing.

**Steps:**

- Invest in GIS portals and common databases.
- Train staff on using digital tools for project tracking and monitoring.

## 12.4. Strengthen Crisis Management

**Action to Create Crisis Communication Protocols:** Formalize procedures for emergencies (e.g., floods, droughts).

**Steps:**

- Develop a crisis response manual with clear roles and responsibilities.
- Establish emergency contact lists and communication channels.

**Action to Conduct Regular Drills and Training:** Organize scenario-based exercises for crisis preparedness.

**Steps:**

- Simulate emergencies (e.g., pipe bursts, water contamination).
- Evaluate performance and identify areas for improvement.

**Action to Develop Contingency Plans:** Establish clear roles and resource allocation for crises.

**Steps:**

- Identify critical infrastructure and prioritize protection measures.
- Allocate emergency funds and resources in advance.

### 12.5. Promote Capacity Building

**Action to Training Programs:** Provide technical and leadership training for PUC staff and municipal leaders.

**Steps:**

- Partner with training institutions to design tailored programs.
- Conduct workshops on modern water management techniques.

**Action to Knowledge-Sharing Platforms:** Create regional forums for exchanging best practices.

**Steps:**

- Organize annual conferences for LSGs and PUCs.
- Publish case studies and success stories online.

### 12.6. Foster Public Engagement and Transparency

**Action to Enhance Citizen Participation:** Develop user-friendly platforms for citizen feedback.

**Steps:**

- Establish Green councils.
- Launch mobile apps or online portals for issue reporting.
- Organize community meetings to gather input.

**Action for Public Awareness Campaigns:** Educate communities on water conservation and pricing.

**Steps:**

- Use social media, radio, and TV to disseminate information.
- Distribute educational materials in schools and public spaces.

**Action for Transparent Reporting:** Require PUCs to provide regular performance reports.

**Steps:**

- Publish monthly or quarterly reports on service quality and finances.
- Make reports accessible to the public via websites or community centers.

**12.7. Encourage Regionalization through Inter-Municipal Cooperation**

**Action to Promote Regional Water Utilities:** Support the regionalization of water utilities.

**Steps:**

- Identify municipalities willing to cooperate.
- Develop shared governance structures for regional utilities.

**Action to Develop Inter-Municipal Agreements:** Facilitate agreements for joint infrastructure management.

**Steps:**

- Draft agreements outlining cost-sharing and responsibilities.
- Secure legal approval for inter-municipal cooperation.

**Action to Leverage EU Funding:** Align regional projects with EU funding programs.

**Steps:**

- Apply for grants under IPA or EBRD programs.
- Ensure compliance with EU project requirements.

**12.8. Integrate Sustainability and Innovation**

**Action to Adopt Renewable Energy Solutions:** Invest in solar power and other renewables.

**Steps:**

- Identify renewable energy and potentials for conservation of energy in the provision of water supply and sanitation.
- Conduct feasibility studies for renewable energy projects.

**Action to Modernize Infrastructure:** Prioritize investments in smart water management systems.

**Steps:**

- Install leak detection technologies and smart meters.
- Upgrade wastewater treatment facilities.

**Action for Climate Resilience Planning:** Develop long-term strategies for climate change impacts.

**Steps:**

- Assess risks related to water scarcity and extreme weather.
- Integrate climate resilience into infrastructure planning.

**12.9. Specific Actions for Immediate Implementation**

**Action regarding Mandate Joint Meetings:** Require monthly joint meetings between LSGs and PUCs.

**Steps:**

- Schedule meetings and set agendas in advance.
- Document outcomes and track progress on action items.

**Action to Adopt Service Agreements:** Formalize collaboration through written agreements.

**Steps:**

- Draft agreements defining roles, responsibilities, and quality standards.
- Sign agreements with all relevant stakeholders.

## Research Methodology

for Collaboration and communication between  
Local Self-government Units and Public Utility  
Companies  
in the Provision of Water and Sanitation Services

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# 1. Introduction

The effective, efficient, and long-term sustainable provision of water and sanitation services is a cornerstone of public health and environmental protection. Local self-government (LSGs) and public utility companies (PUCs) play critical roles in developing, delivering, and maintaining these essential services, yet their collaboration and communication often present challenges that can hinder efficiency and effectiveness.

This document focuses on the research methodology of collaboration between LSGs and PUCs, with a particular emphasis on understanding the dynamics of their communication practices. By exploring these interactions, it aims to identify best practices and recommend strategies to enhance collaboration, ultimately leading to improved water and sanitation services for communities.

Water and sanitation services are vital for the well-being of populations and the economic development of communities. In most cases, the responsibility for these water supply and sanitation services is shared between local self-government units and public utility companies. LSGs are typically tasked with policy-making, regulatory oversight, and capital investments in the infrastructure, while PUCs are responsible for the operational aspects of service delivery, including infrastructure management and maintenance.

Despite their shared objectives, communication gaps and a lack of effective collaboration often arise between these entities. Factors such as differing priorities, bureaucratic hurdles, and inadequate information sharing can lead to inefficiencies, service disruptions, and increased costs. Moreover, the complexities of water and sanitation management - such as the integration of new technologies, the need for sustainable practices, and the challenges posed by climate change - further complicate these relationships.

Recognizing these challenges, this research seeks to explore existing collaboration frameworks and communication strategies employed by LSGs and PUCs in the Western Balkans region. By analyzing case studies and gathering insights from stakeholders, this document aims to develop a comprehensive understanding of effective practices that facilitate collaboration. Ultimately, the goal is to provide actionable recommendations that enhance the synergy between local governments and utility providers, ensuring the delivery of high-quality water and sanitation services that meet the needs of communities effectively and sustainably.

Municipalities and public water utilities in the Western Balkans face major challenges in providing sustainable water and sanitation services (WSS) and meeting the requirements of the European Union Acquis Communautaire (Chapter 27). Most of the municipalities in the region are the owners of the public water utilities and take through their boards all the important decisions related to the company. Thus, introducing modern management standards in public water utilities and improving service delivery towards better compliance with standards requires a prior understanding of goals and priorities by the Board members representing the municipalities and municipal decision-makers. A well-functioning cooperation between the municipal decision-makers and the management of the public water utilities is needed. Strengthening their capacities in parallel helps foster collaboration between key municipal and water utility stakeholders.



## 2. Background

Following Strategic Plan 2023-2027 and the activities that are foreseen by the Action Plan of NALAS' Task Force on Solid Waste and Water Management - Group on Water Management for the period 2024-2025, the Network of Associations of Local Authorities of South East Europe (NALAS) aimed to get an insight into the collaboration and communication between LSGs and PUCs in the provision of WSS, as a prerequisite to ensuring strategic management of these key local public services, as well as efficient and effective service provision, maintenance, and investment.

In that respect, the Regional Research is being implemented in the period September 2024-January 2025, within the project “Regional Capacity Development Network for Water and Sanitation Services (RCDN)”, supported by SECO and BMZ/GIZ to determine the state of collaboration and communication between LSGs and PUCs in the region in the provision of water and sanitation services to ensure strategic management of these key local public services, as well as efficient and effective service provision, maintenance, and investment.

The research tackles several important topics: the roles and responsibilities of LSGs in the provision of WSS, their oversight role over the work of the PUC, and their participation in regional water service provision. It will also focus on the collaboration and communication between LSGs and PUCs, and citizen participation in shaping these services. The research covers Albania, Bosnia and Herzegovina, Kosovo<sup>3</sup>, Montenegro, North Macedonia, and Serbia.

The research focuses on the services solely provided by LSGs but does not undermine the trend of regionalization of water services. The research explores the practices throughout the region vis-à-vis the conventional right to local autonomy guaranteed by the European Charter on Local Self-Government. Also, it will provide further recommendations for the associations of local authorities for further empowerment of LSGs in the provision of water and sanitation services, regardless of the model used.

The research will result in a focused policy position and practical guide for LSGs and LGAs for advancing collaboration and communication in the provision of WSS services.

## 3. Research goals

The goal of the research is to determine the relationship between communication patterns, effectiveness, and practices between LSGs and PUCs in the Western Balkans and how it affects different aspects of water and sanitation services including:

- Alignment of goals and operations for efficient service delivery
- Timely response to service disruptions or emergencies
- Meeting standards and legal requirements set by local governments
- Transparent and efficient sharing of operational and performance data to inform policy and decision-making.
- Enabling clear and consistent communication with users about service issues, planned maintenance, and improvements.

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<sup>3</sup> This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ opinion on Kosovo Declaration of Independence.

- Efficient use of resources and avoiding extensive operational costs.
- Budgeting, funding, and investments in water and sanitation infrastructure.
- Inter-municipal collaboration and regionalization of services.

The findings obtained by the research are the basis for recommendations that contribute to enhancing service delivery, improving policy implementation, strengthening stakeholder relationships, enhancing public engagement and satisfaction, optimizing resource allocation, and strengthening resilience.

## 4. Methodology and preparation for research

To research communication and collaboration between LSGs and PUCs, a mixed-method approach combining desk research, surveys, and focus groups/interviews is considered to be ideal. This methodology allows for both quantitative data on general trends and qualitative insights into specific barriers, challenges, and best practices regarding communication and collaboration between LSGs and PUCs in the Western Balkans.

The key goals of such a methodological approach are to:

- Scan the regulatory framework in terms of regulation of cooperation and communication between LSGs and PUCs.
- Define the current ways and extent of communication and collaboration between LSGs and PUCs in the Western Balkan Region.
- Identify the main hurdles or challenges in effective collaboration between LSGs and PUCs.
- Gather insights on potential solutions or strategies to improve communication.

Since the approach should capture a broad understanding of communication and collaboration patterns, frequency, effectiveness, and perceived barriers it incorporates desk research of the regulation, a survey with wider coverage, and in-person interviews or focus groups with a targeted number of participants from local authorities and public utility companies.

## 5. Conducting a survey

The survey should be conducted using a survey questionnaire either by sending it through available communication channels or via an online form.

The survey design includes the use of a mix of multiple-choice and Likert-scale questions to assess frequency and modes of communication, collaboration levels perceived effectiveness of communication, and barriers to collaboration as well as open-ended questions to capture any additional comments on specific issues.

The sample questionnaire is given in Appendix 1 and covers seven sections including:

- General information
- Legal framework
- Public policies and strategic approaches
- Regulatory framework
- Management and control
- Planning, development, and reporting
- Communication practices

The survey is to include representatives from local governments (decision-makers, and administration staff), and public utilities (managers and operational heads) who are involved in communication, but also those representatives whose involvement would significantly improve communication and thus make the provision of services significantly more efficient.

The sample for the survey should cover local governments and public utilities in diverse geographic, economic, and size brackets across the region, and given that the number of LSGs and PUCs in different economies of Western Balkans varies in number, the size of the sample should include at least 10%, preferably 20% and go as high as 30% in those with the smallest number of local self-government units.

The survey should be distributed via email or online platforms (Google or Microsoft Forms, SurveyMonkey, or similar), with follow-ups to ensure a high response rate. Contact (email or phone number) of the responsible person should be provided in both approaches so that respondents can ask additional questions or get clarification on certain issues if the need arises.

The time for filling out the survey questionnaire should be limited to up to two weeks, and incentives if feasible, such as a summary report of findings or information on related training resources should be offered in return.

## 6. Organization of focus groups and interviews

A focus group and in-person interviews are qualitative fact-finding methods involving a smaller number of individuals typically five to ten people organized in groups or individually to discuss a specific topic or issue. In the context of research methodology analyzing communication and collaboration between LSGs and PUCs, focus groups or interviews serve a complementary role following the survey by providing qualitative insights that help to:

- Deepen understanding of survey findings.
- Validate and enrich survey data.
- Explore barriers and challenges in greater detail.
- Generate and discuss recommendations and potential solutions.
- Identify good practices and success stories.

Focus group discussions but also in-person interviews to some extent allow researchers to explore the nuances behind survey responses, uncovering reasons for specific trends or behaviors identified in the survey. Group discussions can help clarify why certain communication methods or collaboration practices are preferred or avoided, as well as any inconsistencies found in survey responses.

Focus groups and interviews enable participants if properly managed to articulate specific barriers to effective communication and collaboration, such as bureaucratic hurdles, resource limitations, political interferences, divergent visions, or inter-organizational misunderstandings.

To achieve that effect, an atmosphere of trust and free expression of opinion should be reached. Therefore, the researcher has to assess and decide how to organize further work in focus groups or when conducting interviews. When it comes to focus groups, they have to be organized separately for representatives of local governments and public utilities or managers/decision makers and executives.

In any case, when it comes to focus groups and interviews, the researcher should encourage participants to share personal experiences and examples, highlighting real-life cases that

reveal the nature of communication obstacles and collaboration breakdowns. Participants should also be encouraged to propose ideas and strategies for improving communication and collaboration, fostering a brainstorming environment that might reveal actionable solutions.

Finally, the qualitative data from focus groups and interviews will allow the researcher to validate quantitative findings, ensuring that conclusions drawn from survey data accurately reflect on-the-ground realities.

To sum it up, focus groups and interviews in this research context allow for a comprehensive understanding by adding depth and detail to survey data, enhancing the overall findings, and paving the way for practical recommendations to LSGs and PUCs in the Western Balkan Region providing water and sanitation services to improve their communication and tush overall service performances.

A guideline for conducting in-person interviews and managing focus group discussions with guiding open-ended questions is given in Appendix 2.

## 7. Analyzing research results and compiling a draft national report

The purpose of the analysis is to explore the quality, effectiveness, and challenges of collaboration and communication between local governments and PUCs in providing water and sanitation services therefore the analysis of research results needs to include both qualitative and quantitative insights drawn from survey and interview/focus group results.

The analysis of the research results should start by briefly describing the methods used (surveys and interview/focus groups), participant demographics, geographic distribution of responses, etc.

Quantitative survey analysis should include information about coverage, and respondent profile, as well as key survey metrics, and need to be illustrated with the graphic representation of results:

- Coverage: Geographical coverage, size, and type of LSGs involved in the survey, sampling, etc.
- Survey respondent profile: Key demographics, gender distribution, role descriptions e.g., local government officials, PUC representatives.
- Planning, development, and reporting: Statistics regarding public policies and local strategies dealing with water and sanitation, types of reports, participation of PUC representatives in policy development, etc.
- Communication Frequency and Methods: Frequency and channels of communication between the entities (e.g., emails, meetings, reports).
- Perceived Effectiveness of Collaboration: Ratings on satisfaction with communication, responsiveness, and perceived alignment on service goals.
- Challenges and Barriers: Commonly reported issues such as resource constraints, regulatory limitations, or communication breakdowns.

Qualitative insights from interviews/focus groups should provide an in-depth analysis of communication issues by identifying common themes and presenting more detailed findings such as:

- Perceived Benefits of Effective Collaboration: Increased efficiency, improved service quality, and better crisis response.
- Challenges to Effective Communication: Highlight issues like bureaucracy, lack of transparency, and differences in organizational culture.
- Suggested Improvements: Suggestions from participants on how collaboration could be improved (e.g., regular inter-agency meetings, shared digital platforms, or co-creation of strategic plans).
- Case Examples (if applicable): Provide illustrative cases or examples that underscore particular challenges or successes.

The National Report Template on Collaboration and Communication between Local Self-Government Units and Public Utility Companies in the Provision of Water and Sanitation Services in the Western Balkan Regions is presented in Appendix 3.

## 8. Finalizing national report and recommendations

The final steps in the analysis of research results about collaboration and communication between LSGs and PUCs in the provision of water and sanitation services include synthesis of key findings and drawing conclusions and recommendations.

- Summary of Survey and Interview/Focus Group Findings: Concisely summarizing key points from both surveys and interviews/focus groups.
- Implications for Policy and Practice: Outlining how these findings might impact policy recommendations or organizational practices for better service delivery.
- Summary of Findings: Recap the main insights derived from the survey and interviews/ focus groups.
- Recommendations: Formulating specific recommendations based on the results, such as establishing structured communication frameworks, implementing training for improved inter-organizational communication skills, developing policies that incentivize collaboration, or introducing shared platforms or reporting standards to streamline communication.

## 9. Compiling a regional report and recommendations for lobbying

The ultimate goal of the research is to provide actionable recommendations that enhance the synergy between local governments and utility providers in the Western Balkan Region. By fostering an environment of collaboration and open communication, responsible entities in the economies of the Region can ensure the delivery of high-quality water and sanitation services that meet the needs of communities effectively and sustainably.

To that end, the research will result in a Regional Report consisting of the water and sanitation frameworks per economy, the situation regarding communication and collaboration between local authorities and public utilities, as well as cumulative findings and policy positions, recommendations, and practical guidelines for LSGs and their associations for lobbying towards improved collaboration and communication in the provision of water and sanitation services in the Region.





## Appendix 1 - Survey questionnaire

### **Questionnaire for the representatives of water utility companies and the local governments regarding the collaboration and communication in the provision of water and sanitation services**

To Whom It May Concern,

Please take a moment to answer the questions in the survey questionnaire in front of you.

The survey is conducted as a part of research by the [name of the association] and the Network of Associations of Local Self-Governments in Southeast Europe (NALAS) and aims to determine the level and quality of cooperation between local self-governments (LSGs) and public utility companies (PUCs) in providing water supply and sanitation.

This survey will help capture the experiences and perceptions of local representatives regarding the current state of collaboration and communication between LSGs and PUCs and will provide insight into possible areas for improvement that can drive more effective and sustainable water and sanitation service delivery.

The research will serve the association of local governments and the association of water companies as a basis for designing actions and preparation of recommendations for local governments and public utility companies in the Western Balkans region to improve water supply and sanitation services at the local level.

Please complete the questionnaire by [date].

For additional questions and information regarding the survey please contact [e-mail address/phone number of the contact person].

Thanks in advance.

## Section 1 - Survey participant information

- 1) Name of the Local Self-government Unit

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- 2) Name of the Public Utility Company

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- 3) The questionnaire is completed by a representative of:

- Local Self-government Unit
- Public Utility Company

- 4) Position/function in the organization

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- 5) Gender

- Female
- Male

This section can optionally include questions about the person filling it (name, position, contacts)

## Section 2 - Public policies and strategic approaches

- 6) Has the National Government in your country adopted a public policy document that defines short-term, medium-term, and long-term goals and strategic commitments for the development of the water sector, including water supply and sanitation?

- Yes
- No

- 7) If the answer to the previous question is Yes, state the name of the document or documents and the period of their validity.

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- 8) Do these documents include and treat the relationship between the water service providers and the competent government institutions?  
(multiple answers are possible)

- Collaboration
- Communication
- Monitoring
- Financial reporting
- Other type of reporting
- No

9) If the answer to the previous question is other than No, please describe the nature of this relationship.

---

### Section 3 – Communication and collaboration in the regulatory framework

10) Does the urban water management competent level of government have the obligation to adopt Decisions on water supply and sanitation?

- As part of the general Decision
- As a separate Decision
- As a general or separate Decision
- No

11) Does the local decision on the performance of communal services include, process or regulate the relationship between service providers (water supply and sanitation companies) and competent administrative bodies?

(multiple answers are possible)

- Collaboration
- Communication
- Monitoring
- Financial reporting
- Another type of reporting
- None of the above

12) Does the decision to establish a public utility company include, process or regulate the relationship between service providers (water supply and sanitation companies) and competent administrative bodies?

(multiple answers are possible)

- Collaboration
- Communication
- Monitoring
- Financial reporting
- Another type of reporting
- None of the above

### Section 4 - Management and Control

13) How does the local self-government manage the utility company?

(multiple answers are possible)

- By electing the PUC director
- By appointing the PUC director
- Through representatives in the management structure (supervisory board)
- By giving consent to the program and business plan
- By approving the business report
- By setting/approving service prices
- In some other way, please specify \_\_\_\_\_

14) What is the Local Self-government's competent body for:

- a) Electing the PUC director
- b) Appointing the PUC director
- c) Appointing LSG representatives in the PUC supervisory board
- d) Giving consent to the program and business plan
- e) Approving the business report
- f) Setting/approving the service prices

(Suggested answers: Assembly, Council, Mayor, Local Government, not applicable)

15) Does the utility company for the provision of water supply and sewerage services and the local self-government unit have a signed contract on the provision of services that defines quality indicators and the scope of services (service agreement)?

- Yes
- No

16) If the answer to the previous question is No, how are obligations and standards defined in terms of quality and scope of services?

- By the local decision on communal services/water supply and sanitation services
- By the PUC business program
- They are not defined
- In some other way, please specify \_\_\_\_\_

## Section 5 - Planning, development, and reporting

17) Which public policy documents are used to plan and develop water supply and sanitation services?

(multiple answers are possible)

- Local self-government unit development plan
- The budget of the local self-government unit
- Medium-term plan of the local self-government unit
- Investment plan
- Communal infrastructure development program
- Public Utility Company business program
- Other, please specify documents \_\_\_\_\_

18) In the development of which of the above-mentioned documents do the representatives of the Public Utility Company for water supply and sanitation participate?

(multiple answers are possible)

- Local self-government unit development plan
- The budget of the local self-government unit
- Medium-term plan of the local self-government unit
- Investment plan
- Communal infrastructure development program
- Public Utility Company business program
- Other, please specify documents \_\_\_\_\_

19) How many proposals did the PUC submit for amending/supplementing these documents?

\_\_\_\_\_

20) How many of those proposals have been accepted?

\_\_\_\_\_

21) What type of reports does the Public Utility Company submit to the local self-government unit?

(multiple answers are possible)

- Quarterly business report
- Annual business report
- Financial report
- Audit report
- Other, please specify reports \_\_\_\_\_

The following questions (from 22 to 24) are only for PUCs.

22) Do PUCs receive feedback on the reports submitted to the JLS?

- Yes
- No

23) If the answer to the previous question is No, would this be useful for PUCs to improve the services they provide to citizens?

- Yes
- No

24) What type of feedback and guidance from the LSGs is most useful for the PUCs to improve their services?

\_\_\_\_\_

## Section 6 - Infrastructure, tariffs and responsibilities

25) Who owns the water supply and sanitation infrastructure (in whose books is it recorded)?

- LSG
- PUC
- State
- Other, \_\_\_\_\_

26) Who is in charge of planning infrastructure development?

- LSG
- PUC
- LSG and PUC
- State
- Other, \_\_\_\_\_

27) Does the LSG adopt a program for the development and maintenance of communal infrastructure (which includes water supply and sanitation infrastructure)?

- Yes
- No

28) If the answer to the previous question is Yes, does it consult and collaborate with PUC on the development of such a strategic document?

- Yes
- No

29) Do LSGs allocate funds in their budgets for the construction/maintenance of water and sanitation infrastructure?

- Yes
- No

30) If the answer to the previous question is Yes, do they communicate and consult with the PUC?

- Yes
- No

31) How are the prices/tariffs of water and sanitation services determined?

- Prices are set by the PUC
- The PUC proposes prices and LSG approves them
- LSG determines and sets prices
- The regulatory body approves prices proposed by the PUC
- The regulatory body approves prices proposed by the LSG
- In some other way, please describe, \_\_\_\_\_



The following questions (from 32 to 35) are only for PUCs.

32) Are the prices of water and sanitation services cost-covering including investment maintenance?

- Yes
- No

33) If the answer to the previous question is No, how is the PUC budget gap covered?

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34) Does the LSG help maintain the liquidity of the PUC with subsidies from its budget?

- Yes
- No

35) In what ways does the LSG influence the decision-making, management, and operations of the PUC?

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## Section 7 - Communication practices

36) Do the PUC and LSG have regular communication regarding water and sanitation services?

- Yes
- No

37) If the answer to the previous question is Yes, state how is communication carried out. (multiple answers are possible)

- In-person informal
- In-person formal
- Electronically
- By telephone
- Regular coordination meetings (joint collegiums or similar)
- Some other way, please specify \_\_\_\_\_

38) Do representatives of the Public Utility Company for water supply participate in the work of the local assembly or council meetings?

- Yes, regularly
- Yes, by invitation according to the agenda
- No

39) Does the Public Utility Company for water supply and sanitation have a communication plan/strategy or policy?

- Yes
- No

40) If the answer to the previous question is Yes, does that plan/strategy contain a segment related to communication with the local self-government unit?

- Yes
- No

41) Do the utility company and the local self-government unit collaborate during the evaluation of the quality of the water supply and sanitation service?

- Yes
- No
- Not applicable

42) Rate the communication, level, and quality, between the PUC for water supply and sanitation and the LSG.

- Excellent
- Good
- Acceptable
- Insufficient
- Bad

43) Give one or more examples of good communication between the Public Utility Company for water supply and sanitation and the local self-government unit.

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44) To improve the quality of water supply and sanitation services, please give proposals for improving communication between the PUC for water supply and sanitation and LSG.

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45) Do the public Utility Company and the local self-government unit have cooperation and communication regarding citizens' complaints about the water supply and sanitation service?

- Yes
- No
- Not applicable

46) If the answer to the previous question is No or Not applicable, who is handling citizens' complaints and how?

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47) What is the role of municipal inspection in the communication between the PUC for water supply and sanitation and the LSG?

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48) Is there a link or information about the Public Utility Company for water supply and sanitation on the internet presentation of the local self-government unit?

- Yes
- No

49) How does the PUC communicate with the relevant ministries (reporting, planning, etc.)?

- Directly
- Solely through the LGS
- Differs from case to case

50) If the answer to the previous question is "Differs from case to case" please indicate which communication is done directly

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51) Does your LSG participate in or consider participating in inter-municipal collaboration or regionalized water and sanitation service provision?

- Yes
- No

52) If the answer to question 51 is Yes, what are the key benefits of this approach?

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53) If the answer to question 51 is No, what are the main reasons for not considering inter-municipal collaboration or regionalization?

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## Appendix 2 - Focus Group Guidelines and Interview Questions

### **Focus Group Guidelines and Interview Questions**

#### **Communication and collaboration between LSGs and PUCs in providing water supply and sanitation services**

Conducting a focus group with representatives from Local Self-governments (LSGs) and Public Utility Companies (PUCs) involved in water supply and sanitation services requires a structured approach to gather meaningful insights.

This comprehensive guideline will help facilitate a productive and insightful focus group, allowing the gathering of detailed qualitative data on communication and collaboration between LSGs and PUCs in water and sanitation services.

#### **1. Introduction to interview/focus group**

##### **a) Explaining the purpose of the interview/ focus group**

This interview/focus group aims to explore the current state of communication and collaboration between LSGs and PUCs in delivering water supply and sanitation services. Specifically, we seek to understand the effectiveness of communication methods, identify barriers to effective collaboration, and gather ideas for improving service delivery through enhanced cooperation.

##### **b) Confidentiality and voluntary participation**

Explain that all responses will be kept confidential, and no personal or organizational identifiers will be used in reporting the findings without written consent. Participation is voluntary, and participants may choose not to answer specific questions if they wish.

##### **c) Objectives**

- To identify common communication practices between LSGs and PUCs.
- To understand the challenges and barriers impacting effective collaboration and communication.
- To gather participant suggestions for improving communication and coordination in service delivery.

##### **d) Ground rules**

- Respect everyone's opinions and experiences.
- Allow everyone to speak and avoid interrupting others.
- Keep responses relevant to the questions being discussed.
- Maintain confidentiality of the information shared by others.

#### **2. Setup and logistics**

e) Participant Selection

- Include participants in diverse roles, such as mayors, municipal managers, and technical heads of PUCs, to capture a range of perspectives.
- When conducting interviews, five participants from different LSGs and roles are recommended.
- In the case of focus groups preferred option is to keep two separate groups of up to five representatives of LSG and PUC. If that is not possible aim for a balanced group of 5-10 participants, representing both LSG and PUC stakeholders.

f) Location

Select a neutral, comfortable venue where participants feel at ease to speak freely. If in-person sessions aren't feasible, a virtual platform (e.g., Zoom or Microsoft Teams) can be used.

g) Facilitator role

- The facilitator should guide the conversation neutrally, encouraging participants to share openly without leading them toward specific responses.
- Take notes or handle the recording to ensure no data is missed.

h) Duration

- For focus groups plan for a 1.5 to 2-hour session to allow sufficient time for each question without feeling rushed.
- Interviews should last up to 45 minutes per participant.

3. Opening the interview/focus group session

Begin with brief introductions and give the background on the research purpose, methodology, and survey, but don't come out with survey findings in order not to lead the participants to answers to specific questions, but to encourage them to come to them independently. Ask each participant to share their name, role, and organization. This can help create a relaxed atmosphere and build rapport.

As an icebreaker question ask the participants to share one recent experience where collaboration between LSGs and PUCs positively impacted service delivery or community satisfaction.

4. Interview/discussion questions

Below are suggested open-ended questions grouped by theme. Allow time for participants to discuss each topic fully, probing deeper if needed.

Theme 1: Current Communication Practices

- How would you describe the current communication methods between LSGs and PUCs?  
Probe: Are meetings, emails, or reports the primary methods? Are they effective?
- What is the frequency of communication between your LSG or PUC?  
Probe: Does the frequency meet your needs, or is there room for improvement?
- Are there specific tools, platforms, or protocols used in communication (e.g., email, phone, formal reports)?



Probe: How effective are these in facilitating smooth collaboration?

## Theme 2: Challenges and Barriers to Effective Communication and Collaboration

- What are the main challenges you face when trying to communicate with your counterpart organization?  
Probe: Are these challenges mostly logistical, or are there policy-related obstacles?
- How do regulatory or institutional barriers impact communication between LSGs and PUCs?  
Probe: Do regulations limit information sharing or joint decision-making?
- Are there any internal organizational issues (e.g., resource limitations, staffing) that affect how well your LSG/PUC can communicate and collaborate?

## Theme 3: Collaboration in Water Supply and Sanitation Service Delivery

- Can you describe a time when collaboration between LSGs and PUCs resulted in a successful outcome for water or sanitation services? What factors contributed to this success?
- When it comes to problem-solving or crisis management in water supply and sanitation, how well do LSGs and PUCs work together?  
Probe: Can you give examples of either positive experiences or areas needing improvement?
- Have you currently or in the past participated in projects that had as one of the components the improvement of communication and cooperation between LSGs and PUCs in the water supply and sanitation sector?
- What are ways in which improved communication could enhance service delivery in water and sanitation?

## Theme 4: Suggestions for Improvement

- What would you suggest as the top priorities for improving communication and collaboration between LSGs and PUCs?  
Probe: Do you have specific recommendations for policies, tools, or practices?
- How can LSGs and PUCs ensure that communication remains consistent and effective, even with changes in leadership or staffing?
- In what ways could additional training, joint planning, or resources help improve the communication between LSGs and PUCs?

## 5. Closing the Session

- Summarize key insights shared during the session.
- Ask participants if there are any final thoughts or comments they would like to add.
- Thank participants for their time and valuable contributions.
- Collect all notes, audio recordings, and observations. If needed, debrief with any co-facilitators or assistants to identify major themes immediately following the session.
- Transcribe recordings and analyze the data by categorizing responses into themes aligned with the research objectives.

## 6. Data Analysis and Reporting

After the session, analyze interview/focus group data.

- Categorize responses by grouping them by theme (communication practices, barriers, success stories, suggestions).
- Identify key themes by looking for recurring challenges, effective practices, and common recommendations.
- Prepare a summary report outlining the findings, highlighting both common barriers and actionable insights that can inform policy and practice.

## National Report Template

Collaboration and Communication between Local  
Self-Government Units and Public Utility  
Companies in the Provision of Water and  
Sanitation Services in the Western Balkan  
Regions

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## Executive Summary

- Objective: Summarize the purpose of the report, highlighting key objectives and findings.
- Key Findings: Briefly outline the main results of the research.
- Recommendations: Provide a snapshot of the suggested improvements and actions.

## 1. Introduction

- Purpose of the Report: Explain the report's aim, which is to assess and improve collaboration and communication between LSGUs and PUCs in the Western Balkan regions.
- Scope: Define the geographical and thematic scope of the research.
- Significance: Highlight the importance of effective water and sanitation services for public health and development.

## 2. Background and Context

- Overview of the water supply and sanitation sector in the economy: Provide a brief description of the legal and strategic framework and main public policies.
- Water and Sanitation Services: Summarize the current state of water and sanitation services in the economy including regulatory framework for providing services.
- Roles of LSGUs and PUCs: Describe the respective roles and responsibilities of local self-government units and public utility companies. Include issues like management and control, planning, development of the infrastructure and the services, and monitoring and reporting.
- Type of questions to be answered:
  - Which legal acts in your country regulate drinking water provision and sanitation services?
  - According to the legal framework in your country is the provision of water and sanitation considered as a service of general/public interest?
  - According to the legal framework in your country which level of government is responsible for regulating, organizing, and ensuring the provision and development of water and sanitation services?
  - Describe the national public policy document that defines short-term, medium-term, and long-term goals and strategic commitments for the development of the water sector, including water supply and sanitation.
  - Does the urban water management competent level of government have the obligation to adopt Decisions on water supply and sanitation?

- According to the Law, which entities can provide water and sanitation services?
- Which law in your country regulates entities responsible for providing water and sanitation services?
- How does the local self-government manage the utility company?

### 3. Methodology

- Research Design: Outline the research design, including qualitative and quantitative methods.
- Data Collection: Describe how data was collected (e.g., survey, document analysis, interviews, focus groups).
- Sampling Strategy: Explain the sampling strategy used to select participants.
- Data Analysis: Detail the methods used for analyzing the data.

### 4. Findings

#### 4.1. Current State of Collaboration and Communication

- Communication Channels: Describe the existing communication channels between LSGUs and PUCs.
- Frequency and Quality of Interactions: Discuss how often and how effectively LSGUs and PUCs communicate.

#### 4.2. Identified Challenges

- Structural Barriers: Highlight any organizational or structural issues that impede collaboration.
- Communication Barriers: Identify specific communication challenges faced by stakeholders.
- Resource Constraints: Discuss any financial, technical, or human resource limitations.

#### 4.3. Best Practices

- Successful Examples: Present case studies or examples where collaboration has been effective.
- Case Studies: If applicable provide specific examples of successful collaboration, including background, actions taken, and outcomes.
- Innovative Approaches: Highlight any innovative strategies or tools that have been successful in improving collaboration and communication.

- Lessons Learned: Summarize the key lessons from the case studies.

## 5. Recommendations

- Policy Recommendations: Suggest policy changes or initiatives to improve collaboration and communication to be used for lobbying by the associations.
- Operational Recommendations: Provide practical steps that LSGUs and PUCs can take to enhance their interactions.
- Capacity Building: Recommend training and development programs to build the capacity of both LSGUs and PUCs.

## 6. Conclusion

- Summary of Findings: Recap the main findings of the research.
- Future Directions: Suggest areas for further research or issues and problems that were not covered by the research and it would be useful to be, the need for regular monitoring of the state of communication and cooperation and the like.
- Final Remarks: Conclude the report with a final thought on the importance of improving collaboration and communication.

## 7. Appendices

- Survey Instruments: Include copies of survey questionnaires or interview guides.
- Additional Data: Provide any additional data or supplementary information that supports the report.

## 8. References

- Citations: If applicable list all sources cited in the report, following a consistent citation style.





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