



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

SUMMARY

This publication is a collaborative effort of the NALAS Task Force on Waste and Water Management, Group for Water (TF WWM).

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Overview

Municipalities and public utility companies (PUCs) in the Western Balkans face significant challenges in delivering sustainable and efficient water and sanitation services (WSS) while striving to meet EU regulatory standards. The relationship between local self-governments (LSGs) and PUCs is critical, as LSGs oversee policy and infrastructure investments while PUCs manage day-to-day operations and maintenance. However, communication gaps, bureaucratic inefficiencies, and differing priorities often hinder effective collaboration, leading to suboptimal service delivery, financial instability, and delays in infrastructure upgrades. Addressing these challenges is essential to ensure reliable, affordable, and equitable access to water and sanitation across the region.

The 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 developed as part of NALAS's Strategic Plan 2023-2027 with support from SECO and BMZ/GIZ, examines the state of cooperation between LSGs and PUCs in six Western Balkan economies: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.

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.



Period of the research: Sep.2024 – Jan.2025

Location: Albania, BiH, Kosovo, N.Macedonia, Montenegro, Serbia

Number of organizations included: 100 LSGs and 109 PUCs

Methodology: Desk research, surveys, interviews

Key challenges

The water and sanitation sector across the WB region faces common challenges, including financial sustainability issues, inconsistent communication, and weak municipal oversight.

One of the most pressing issues identified with the research is the **lack of formalized collaboration** frameworks. While informal communication between LSGs and PUCs is common, the absence of structured protocols leads to inefficiencies, particularly in crisis response and long-term planning. **Financial constraints** further exacerbate these challenges, with many PUCs struggling to cover operational costs due to low tariffs and reliance on municipal subsidies. This financial fragility is especially acute in rural areas, where aging infrastructure and limited investment worsen service disparities.



Challenges in Provision of Water and Sanitation Services

- ◆ 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.

Recommendations

To address the challenges, the report proposes a multi-faceted strategy. First, institutional reforms are needed to **formalize collaboration** through service-level agreements, standardized communication protocols, and shared digital platforms such as GIS-based monitoring systems. Second, **financial sustainability** must be improved by revising tariff structures, securing targeted grants, and promoting inter-municipal funding mechanisms. Third, **capacity-building initiatives**, including technical training, leadership development, and regional knowledge-sharing networks, can enhance the skills and accountability of WSS professionals. Additionally, **crisis management** frameworks should be strengthened through predefined emergency response plans and the integration of renewable energy solutions to boost resilience. Finally, **citizen engagement** must be prioritized to ensure transparency and inclusivity. Digital tools, participatory budgeting, and public feedback mechanisms can empower communities and foster trust in WSS management.

1 Strengthening institutional frameworks

- Develop Unified Policy Documents
- Clarify Roles and Responsibilities
- Establish National Communication Platforms
- Enhance the role of Local Governments Associations and the Committees for WSS

2 Diversify Investments and Financing Mechanisms

- Strengthen Project Preparation and Capacity Development
- Attract Development Credits and Donations
- Promote Community-Based Funding in Rural Areas
- Leverage Innovative Financing Mechanisms
- Foster Local and Regional Partnerships

3 Improving operational coordination

- Formalize communication protocols
- Develop Joint Planning Committees
- Implement Digital Tools
- Clear Roles and Responsibilities

4 Encourage Regionalization through Inter-Municipal Cooperation

- Promoting Regional Water Utilities
- Inter-Municipal Agreements
- Leverage EU Funding

For more details, please find the full research report including the policy position and the practical guide for advanced collaboration between the LGS and the PUCs on this [link](#).

