

**Prepared by Water and Waste Regulatory Office,
June 2007**

Our Vision

“Water and solid waste service providers delivering a consistent, good quality and efficient service to all customers throughout Kosovo.”

Our Mission

“To regulate the water and solid waste sectors in a transparent and equitable manner in accordance with good European practice which ensures that the water and solid waste service providers deliver a qualitative, sustainable, reliable and affordable service throughout Kosovo, with respect for both the environment and for public health.”

Director's message



This is the first annual report prepared by Water and Waste Regulatory Office on the performance of the companies that provide water and waste services in Kosovo. I hope the report is of interest for all who are concerned with the performance of water and waste services: consumers, government institutions, water and waste companies, donors, media etc.

The main purpose of the report is to provide key stakeholders and others with comprehensive information on the performance of licensed companies that provide water and waste services with regard to operational, financial, and customer services aspects of their operation. In addition, the report aims, in the absence of proper market competition in the case of water and waste services, to stimulate competition in these sectors by comparing the performance of the companies that provide these services. The report also provides some general information on the WWRO role as an economic regulator and also on the WWRO main activities, taking into account that the concept of economic regulation is relatively new in Kosovo and the fact that this is the first WWRO annual report. Our future reports will focus entirely on performance reporting.

The comparisons made and presented in this report are twofold:

- (i) We compared performance between service providers for 2006 and ranked them according to the results of the comparison, and
- (ii) We compared 2006 performance with performance in 2005 for each service provider and also for the whole water sector (for waste service providers we did not possess reliable data for 2005 to undertake the latter exercise for this report).

I am pleased to say that the report shows an **improvement in the overall performance of the water services provided to customers in 2006 comparing with 2005**. The performance improved in 4 out of 5 key performance indicators used by WWRO, whilst in relation to the 5th indicator the performance remained the same. Although the improvements are modest, it is very important that we have an upward trend in quality of services provided to customers. However, it should be noted that the performance of water service providers with regard to two key indicators that are essential for their financial viability: non-revenue water (water losses) and collection rate, is rather poor. Unacceptably high water losses and unacceptably low collection rates for the sector **remain to be absolutely the two biggest problems and present the main challenges for the water service providers**. With the current unacceptable levels of water losses and collection rates, the water companies are all well below financial viability and are not capable of undertaking significant capital investments needed.

I believe that publication and wide distribution of this report to all stakeholders, not only make the regulatory process more credible and transparent, but also encourage service providers to improve their overall performance, in particular with regard to their efficiency. Bearing this in mind, WWRO is committed that in future it will focus its activities even more on performance monitoring and benchmarking. In this context, with the new organizational structure recently adopted, we have envisaged the creation of a performance section as a new WWRO department which will have a key role in future.

The establishment of WWRO as an independent regulator and creation of the legislative framework for economic regulation of the water and waste services sectors, on 26 November 2006 by UNMIK Regulation 2004/49, represented an important development within the reforms that water and

waste services sectors are undergoing during last years. These reforms commenced in 2002 by restructuring the water and waste companies formally based on municipal level into regional companies through the so-called consolidation process. The next step is the incorporation process, planned to be completed by the end of 2007, by which these regional companies will be transformed into joint stock companies with a clear legal and financial status. The common objective of these reforms is to attain substantial improvements in the water and waste services sectors which were traditionally inefficient, neglected and fragmented. I believe that the role of WWRO in these reforms is indispensable having in mind its formal responsibilities in relation to the quality of services and to the efficient operation of licensed service providers

An important development which I would like to point out here is the recent initiative by the Assembly of Kosova for drafting a new WWRO law which will replace Regulation 2004/49 shortly. This will enable transfer of competences for economic regulation in the water and waste sectors from UNMIK (the SRSG) to Kosovo institutions (the Assembly). Apart from the UNMIK Regulation (which was only meant to be an interim legal instrument), the new WWRO law will create a long-term legal framework for WWRO. Also, with the new law some deficiencies of Regulation 2004/49 should be addressed and defined in a more clear and complete manner. This in particular relates to the clear definition of the WWRO financial independence (as a basic prerequisite for regulatory independence) and harmonization of the new WWRO law with the Waste Law adopted in 2005 in terms of redefinition of management and regulatory responsibilities in the waste collection sector (ideally in line with the WWRO proposal as outlined in the draft policy on PSP in the waste sector). Also, the new law should set forth the establishment of a Board as a collegial governing body of WWRO in line with good practice for regulators elsewhere.

I am committed to developing close cooperation with all stakeholders because I firmly believe that for making sound and acceptable decisions one should consider the views of all. Thus, this office has established a practice of carrying out formal consultations with licensed companies and other stakeholders on all relevant issues (during the period 2005/06 we have organized 15 workshops). In the context of WWRO cooperation with other stakeholders, I would like to mention the Memorandum of Understanding signed between WWRO and National Institute for Public Health (NIPH) in its capacity as water quality regulator, which has formalized our excellent cooperation. We plan to develop a similar MoU with the Ministry of Environment and Spatial Planning (MESP). Regular monthly meetings with KTA as well as regular bi-monthly meeting with MESP (in which donors and other water and waste sectors stakeholders take part) are also in line with our policy of building up good working relationships with all the relevant parties in the water and waste sectors.

I would like to take this opportunity to thank all those that have contributed in preparing this report: our staff for their dedicated work, the water and waste companies for their good cooperation in delivering their performance reports to us, and in particular to European Agency for Reconstruction for the funding of the WWRO Institutional Support project and to its consultants lead by IPA Energy+Water whose contribution was vital in drafting this report.



Afrim Lajçi

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Acronyms and Abbreviations

ILI	Infrastructure Leakage Index
IWA	International Water Association
KEPA	Kosovo Environmental Protection Agency
KfW	Kreditanstalt für Wiederaufbau
KPI	Key performance indicator
KTA	Kosovo Trust Agency
MESP	Ministry of Environment and Spatial Planning
NIPHK	National Institute for Public Health in Kosovo
NRW	Non-revenue water
OFCR	Operational, Financial and Customer Reporting
OFMP	Operational and Financial Monitoring Project
POE	Publicly-owned Enterprise
PSP	Private Sector Participation
SHUKOS	Water and Wastewater Works Association in Kosovo
SOE	Socially-owned Enterprise
SRSG	Special Representative of the Secretary General
UNMIK	United Nations Mission in Kosovo
WWRO	Water and Waste Regulatory Office

Introduction

WWRO annual performance reports

This is the first WWRO annual report on the performance of the water and solid waste sectors in Kosovo. The purpose of this report is to inform all stakeholders, especially customers, on the performance of the water and solid waste (collection and disposal) service providers which currently fall under the remit of the WWRO¹.

Using this report stakeholders, including customers, can see for themselves the actual performance of the service providers in 2006 compared with 2005² as well as the relative performance of each service provider compared with other similar service providers in Kosovo. Equally importantly, the managers of the service providers are able to measure their performance with others and can be used as a management driver for improved efficiency.

Aside from producing annual reports that compare year-on-year performance the WWRO shall periodically (every 3 to 5 years) produce a longer-term performance review.

Reliability of data

The data provided by the water and waste service providers and reviewed in this report have not been verified or audited by WWRO and therefore accuracy and reliability cannot be guaranteed.

Financial data provided through the OFMP and reviewed in this report have been reconciled through OFMP and are generally considered more robust.

The data used in this report have, however, been validated³ with the service providers and are understood to be correct as of March 2007.

Definitions of all the performance indicators used in this section of the report can be found in Annex A1.

Water service provider data

The data used in this report for reporting water service performance are the base data collected under the Operation and Financial Monitoring Project (OFMP) consultancy project executed for the Kosovo Trust Agency (KTA) and funded by Kreditanstalt für Wiederaufbau (KfW), the German bank for reconstruction, over a three year period from 2004 to the end of 2006. The OFMP was transferred from KTA to WWRO at the end of 2006 and has recently been updated by WWRO to include more technical and customer related performance data from the beginning of 2007. The updated reporting regime has recently been re-launched by WWRO as the Operational, Financial and Customer Reporting (OFCR).

Waste collection performance data

The data used for analysing waste collection service performance were provided to WWRO directly by the service providers following a data request from WWRO in April 2007. In future annual reports the data shall be provided directly from the waste collection service providers through the OFCR.

¹ This is currently limited in UNMIK Regulation 2004/49 to Publicly-owned Enterprises (POEs) and Socially-owned Enterprises (SOEs) and thus does not include the private sector or most rural service providers.

² Comparison of 2005 and 2006 data only applied to the water sector in this report. 2005 data is not considered reliable for the waste collection and disposal sectors.

³ The data were circulated to all service providers for confirmation that the data were correct and to allow them to identify any mitigating factors to explain any apparent anomalies and/or poor performance in 2006. These comments from service providers are included in the text as footnotes wherever they are considered relevant by WWRO.

Waste disposal service provider performance data

Waste disposal service performance data have been provided by the Kosovo Landfill Management Company (KLMC) following a data request from WWRO in April 2007. As for waste collection future annual reports will employ data provided directly from KLMC to WWRO through the OFCR.

Analysis of data

The Key Performance Indicators (KPIs) employed in this report are:

Technical and customer-related KPIs

Water service providers

- Drinking water quality
- Continuity of supply
- Service coverage
- Metered consumption relative to total consumption
- Non-revenue water (NRW)
- Annual complaints per 1000 customers
- Staffing efficiency

Waste collection service providers

- Service coverage
- Percentage of waste disposed to regional landfill sites
- Annual complaints per 1000 customers

Waste disposal service provider (KLMC)

- Tonnage disposed

Financial KPIs (water and waste service providers)

- Working ratio
- Working coverage ratio
- Unit operating costs
- Collection rate

Comparative competition

The effectiveness of 'comparative competition' in improving the performance of monopoly service providers, i.e. where the market does not provide a driver for efficiency, depends upon the publication and dissemination of accurate performance data covering a wide range of service provider activities, especially those which have a direct impact on customers. These data can then provide a reasonable overall indication of the actual performance of each service provider compared both with the previous year's performance and with similar service providers for similar years.

In the future the WWRO shall establish performance targets against which the actual performance of each service provider shall be measured.

The main driver for improved service is the desire by the management of each service provider, supported by its supervisory or management boards and other stakeholders, to be amongst the best in the 'group', or at the least not to be amongst the worst.

In reality, the genuine desire by management to offer an improved service to customers is often frustrated by limitations on:

- Affordability of tariffs
- Availability of donor-funded capital investments
- Availability of skilled management capability.

There are many areas, however, where service providers can improve performance through focussing on key priorities and addressing shortcomings through improved management initiatives, e.g. improving collection rates without the need for major capital investments.

Service providers

The term 'service provider' is used throughout this report to refer to the Publicly-owned Enterprises (POEs) and Socially-owned Enterprises (SOEs) as well as the single bulk water supplier under the remit of WWRO in accordance with Chapter 1 (Scope and Definitions) of Regulation 2004/49.

Elsewhere, the water and waste POEs are often referred to as regional water or regional waste companies or as utilities.

Full contact details of the service providers are provided in Annex E.

Key Statistics

Key statistics of the water and waste service providers are provided in Annex C:

Annex C1 – Water supply

Annex C2 - Waste collection

Annex C3 - Waste disposal

The Role of WWRO

What is the WWRO?

WWRO is currently one of seven independent regulatory offices established by United Nations Mission in Kosovo (UNMIK). WWRO is currently accountable to the Special Representative of the Secretary General (SRSG). Following the planned handover of reserved powers by the SRSG to the Kosovo Assembly WWRO is expected to be non-ministerial government body governed by a collegial board appointed by and accountable to the Assembly Committee on Trade and Industry. WWRO is responsible in accordance with UNMIK Regulation 2004/49 for making sure the water and solid waste POE (and SOE) service providers in Kosovo provide customers with a good quality and efficient service at a fair price.

UNMIK Regulation 2004/49 is currently being reviewed by a working group and it will be replaced by a new WWRO Law to be approved by the Kosovo Assembly. The WWRO Board to be created in this new law will be responsible for overseeing the activities of the WWRO including setting policy, determining WWRO salaries and appointing senior WWRO executive staff.

Why does Kosovo need a national regulator for water and waste sector?

As an economic regulator, WWRO's primary purpose is to see that the regulated service providers do not abuse their monopoly positions by ensuring that they provide a reasonable standard of service at a fair price and that their rights and obligations, and those of their customers, are fairly balanced and enforced.

Water and waste sector characteristics

Although WWRO is responsible for the economic regulation of both the water and waste service providers, there are fundamental differences in the key characteristics of the two sectors.

Water sector

Economic regulation of the water sector by a national independent regulator is in accordance with good practice in a growing number, but not all, European countries and reflects the following key sector characteristics:

- the regional, i.e. river catchment based, distribution of water resources
- the natural monopolistic nature of water service provision
- significant scope for improved economies of scale
- the need for long-term investment and sound management in the sector
- limited availability of skilled technical and managerial staff resources

Waste collection sector

Key waste collection sector characteristics are:

- Locally based activities
- Not a natural monopoly and well suited to private sector participation (PSP)
- Limited scope for improved economies of scale
- Short term investment profile (mainly collection vehicles)
- Limited technical and managerial requirements

WWRO considers the long term economic regulation of the waste collection sector in Kosovo by an independent national regulator hard to justify in terms of economic efficiency, or in terms of good practice. Technically the sector is less sophisticated as compared with the water sector, it is not a natural monopoly, and is more suited to local

municipality management. Consequently, efficient prices for waste services can be better delivered through market competition rather than through regulation. WWRO has therefore proposed deregulation of this sector in the near future in a recent PSP policy document⁴.

Until a policy for the waste collection sector has been agreed and any changes have been implemented WWRO will continue to fulfil its remit for economic regulation fully in accordance with the relevant legislation.

Waste disposal sector

The economic regulation of the waste disposal sector in Kosovo is in accordance with European good practice and reflects the recent investment in EAR funded and well engineered regional landfill sites managed by KLMC with PSP in their operation. In the longer term it may be appropriate to hand over management of the regional landfill sites to regional waste boards under overall municipal or Ministry of Environment and Spatial Planning (MESP) control or to privatise them.

When was WWRO established?

WWRO was established as an independent body pursuant to Constitutional Framework by UNMIK Regulation 2004/49 on 26 November 2004. According to this regulation WWRO is responsible for regulating the activities of publicly-owned and socially-owned providers of water, wastewater, and solid waste services and bulk water suppliers in Kosovo.

What about wastewater services?

Wastewater collection, treatment and disposal is of limited application in Kosovo at present and this report therefore concentrates on the performance of the water sector, mainly in relation to water supply and distribution. In future years following investments in wastewater treatment plants and collection systems it is hoped that WWRO will be able to report on all aspects of water sector performance including wastewater services.

Other relevant legislation

UNMIK Regulation 2006/31 (5 May 2006), which promulgates the Waste Law as adopted by the Assembly of Kosovo on 22 July 2005, confirms that the economic regulation of waste disposal services and waste collection services (as defined in UNMIK Regulation 2004/49) shall remain solely the authority of the WWRO.

What is WWRO's role?

WWRO is the economic regulator for the water and waste sector. As an independent economic regulator WWRO ensures non- discrimination and the provision of qualitative, reliable, safe and efficient water and waste services with respect for the environment and public health⁵.

WWRO's principle responsibilities are:

- Setting tariffs which balance the needs of customers for affordable prices and protecting the financial integrity of the service providers
- Issuing licenses to the water and waste service providers
- Stimulating competition in the water and waste sectors through benchmarking
- Safeguarding customers' interests by ensuring that the regulated service providers do not abuse their monopolistic positions and ensuring that services are provided in accordance with established and appropriate standards of service
- Monitoring and reporting service provider performance
- Establishing and supporting customers' consultative committees
- Approving the terms and conditions for forgiveness and settlement of past debts

⁴ Draft policy document on PSP in the waste collection sector, March 2007

⁵ See the UNMIK brochure on Kosovo's regulators: "Promoting transparency and efficiency across key sectors" January 2007

What are the goals of WWRO?

To achieve the **Vision** of *'Water and solid waste service providers delivering a consistent, good quality and efficient service to all customers throughout Kosovo'* the WWRO has undertaken a **Mission** *'To regulate the water and solid waste sectors in a transparent and equitable manner in accordance with good European practice which ensures that the water and solid waste service providers deliver a qualitative, sustainable, reliable and affordable service throughout Kosovo, with respect for both the environment and for public health'*

To meet the challenges of the WWRO vision and mission the WWRO has set itself several specific objectives:

Establish cost reflective and balanced tariffs for the water and solid waste services which enable financial sustainability of the regulated service providers by due consideration of their affordability for customers

Stimulate competition in the water and waste sectors by using benchmarking wherever possible to evaluate and stimulate improvements in the performance of the water and waste service providers

Protect customers' interests by ensuring that services provided to them are in accordance with the commercial and technical standards set out in the UNMIK Regulation 2004/49 and in the WWRO Rules

Create a financially sustainable WWRO with clear full legitimacy and independence and accountable to appropriate Kosovo institutions

What does WWRO do?

Setting tariffs

Tariffs are currently set in accordance with the overall policy framework set out in UNMIK Regulation 2004/49 and detailed in the WWRO rules. WWRO consider the current tariff rules complex and prescriptive and not necessarily fully in line with good practice elsewhere. The tariff policies for the water and waste sectors are undergoing a detailed review following which a revision to the rules shall be prepared.

In the longer term the tariff policies will seek to achieve a reasonable balance that ensures that the service providers can finance their activities, including adequate maintenance of their existing assets as well replacing worn-out assets when needed, yet still providing the best possible service to customers at affordable prices.

Compliance with regulations

Compliance with the regulations, especially the specified service standards is the key benchmarking measure WWRO uses for evaluating the performance of the service providers. The OFCR will facilitate benchmarking and comparative competition and should provide strong motivation for the management of poorer performing service providers to improve.

Protecting customers

WWRO has developed the OFCR with a special focus on improving the reporting of customer-related issues.

This and subsequent annual reports will allow customers and other stakeholders to see for themselves how each service provider is performing, both year on year and in comparison with other similar service providers.

Economy and Efficiency

WWRO checks how service providers are performing to make sure customers are getting value for money. WWRO expects service providers to improve their service quality by improving their efficiency. WWRO does not support the practice of simply increasing prices to maintain financial viability.

WWRO monitors selected KPIs which form the basis for this and future annual performance reports on the service providers. The KPIs employed in this report provide a broad range of financial, technical and customer-related indicators for assessing performance.

WWRO will regularly review the KPIs for their appropriateness, adequacy and reliability with a view to continually improving the performance monitoring process.

Encouraging competition

Water sector

Networked water supply services are natural monopolies and do not lend themselves to market competition. WWRO therefore promotes the concept of comparative competition through benchmarking in accordance with good European practice. WWRO will also promote competition in the future in the procurement of capital investments by ensuring Kosovo procurement rules are followed and that such procurement is transparent and openly competitive.

Waste collection sector

The waste collection sector has been protected from market competition through limitations on the WWRO licensing regime which currently precludes the licensing of private (commercial waste collection) operators. The waste collection sector, including domestic municipal waste collection, is not, however, a natural monopoly and should, in the opinion of WWRO, be de-regulated in the future once a policy on PSP has been agreed with Government and other stakeholders

Waste disposal sector

The licensed waste disposal sites are currently managed by KLMC but all the site operations are undertaken by private contractors under separate operational contracts with KTA. The KLMC management of the landfill sites is effectively a monopoly incorporated POE. Although WWRO sets the disposal tariff the majority of the landfill operational costs are subject to market competition and are therefore outside the remit of WWRO.

Environmental protection

WWRO ensures that efficiency gains and cost savings by service providers are not achieved at the expense of the environment or public health. However it is the primary responsibility of MESP to undertake environmental protection measures including issuing discharge permits and abstraction licenses to service providers. WWRO will endeavour to maintain a close collaborative working relationship with MESP and Kosovo Environmental Protection Agency (KEPA).

External policy issues

A fundamental principle of good regulation is that it is the role of Regulators to implement external policies and legal instruments as set by Government, and not to develop policy or regulations (except where specifically set out in law). WWRO adheres to this principle although recognises that it may be consulted from time to time in the development of policies and legal instruments

WWRO internal policies

WWRO is in the process of developing internal policies on a number of issues including: tariffs, enforcement of compliance with regulations (and penalties for non-compliance), metering and gender / minority issues.

Financial penalties

WWRO's approach to addressing non-compliance with service standards by service providers is to only use financial penalties as a last resort when other measures have failed. WWRO is working closely with service providers and other stakeholders e.g. National Institute for Public Health in Kosovo (NIPHK) and MESP, in agreeing appropriate short and long term arrangements. These include the issuing of formal (temporary) "exemptions" to service providers for limited periods where compliance with service standards, e.g. drinking water quality or 24 hour continuity of supply, cannot be fully achieved immediately for reasons beyond the control of the service provider.

Metering

Water supply metering in Kosovo is inconsistent. Many older apartment blocks have a single meter serving the whole block and water bills are apportioned according to prescribed formulae, whereas other apartment blocks, generally newer ones, are constructed with individual meters for each apartment. WWRO recognises the need to develop a clear policy that delivers economic efficiency but at the same time recognising the technical constraints that may exist.

Gender and minority issues

WWRO policy is to ensure service providers deliver a service to all customers in Kosovo irrespective of gender or ethnicity. In particular WWRO requires service providers to demonstrate that their service standards and prices are consistent and non-discriminatory throughout their service areas.

What WWRO does not do

Regulation – not management

In accordance with good regulation practice WWRO's regulatory approach is output driven. WWRO is primarily concerned with the levels of service and overall costs. WWRO does not, therefore, directly interfere with the day-to-day management of the regulated service providers, leaving this responsibility to their management teams and supervisory institutions.

Non-POE water services.

WWRO does not have any jurisdiction over private water supplies, bottled water providers or non-POE operators providing water supply services outside the POEs' defined areas of supply, e.g. rural water supply.

Private waste collection services

Currently, WWRO has no regulatory jurisdiction over the many informal private waste collection operators. WWRO is, however, taking an interest in this phenomenon with a view to regularising such bodies within a future wider framework that enjoys the benefits of commercial competition yet still ensuring compliance with environmental standards and good practice.

Drinking water quality

WWRO is not responsible for setting drinking water quality standards or for monitoring drinking water quality. This is the responsibility of the NIPHK. However WWRO works closely with the NIPHK and they have recently signed a Memorandum of Agreement setting out each party's responsibilities with regard to maintaining drinking water quality supplied by the POEs.

Environmental regulation

WWRO is not responsible for the protection of the environment. This is the responsibility of the MESP and the KEPA. However WWRO approach is to ensure that its policies and procedures do not harm the environment or public health.

Target setting

Annual targets are currently established by the POEs' supervisory boards. In the future WWRO will work closely with service providers and their supervisory boards to set achievable but nonetheless challenging targets for the water and waste sector. Future annual reports shall measure actual performance against the targets that were set.

Development agency support

Although the concept of a national regulator of publicly and privately owned service providers including water and waste utilities providers has been adopted in many parts of the developed and developing world, it is a relatively new concept for Kosovo. In this respect WWRO has benefited from several EC/EAR funded long term support projects including the current 20 month institutional support project to WWRO which started in September 2006.

Recent WWRO achievements and future plans

Challenges

The establishment of WWRO and the introduction of independent economic regulation is a relatively new concept for Kosovo, both for sector stakeholders and the general public. This presented a number of implementation challenges:

- Issuance of secondary legal instruments within a short timeframe (UNMIK Regulation 2004/49, 14 'Rules' to be prepared within two months)
- Explaining the role and functions of WWRO as economic regulator to the water and waste service providers and obligations imposed on them under the new regulatory framework
- Recognising the current situation in the water and waste sectors characterised by limited management and financial capacities
- Ensuring that the regulatory approach strikes an appropriate balance between the needs of water and waste customers and the financial integrity of the service providers

WWRO achievements to date

WWRO's principal achievements to date (June 2007) include: preparation and issuance of secondary legal instruments, issuance of licences to water and waste service providers, approval of water and waste tariffs, and the preparation of draft policy for the de-regulation of the waste collection sector. These principal achievements and others besides are described in more detail in Table 1.

In addition to the activities described in Table 1 WWRO has, since its establishment, completed the recruitment of its staff, organised numerous workshops for the water and waste stakeholders, designed and launched its internet site, organised a public information campaign for explaining its role and responsibilities etc. and developed working relationships with other stakeholders

Also, in accordance with UNMIK Regulation 2004/49, WWRO has started collecting licence fees from service providers, the proceeds of which are to be used to finance WWRO activities.



WWRO Staff

Consolidation and incorporation

Consolidation

The water and waste sectors have recently undergone a process of consolidation under the supervision of KTA whereby separate water and waste operating units associated with individual municipalities have been combined into seven larger regional water units and waste collection units.

Incorporation

Under the overall management of KTA the incorporation process for the water and waste sectors commenced in February 2007.

Future WWRO plans

WWRO's future plans build upon the achievements to date and include:

Replacement of UNMIK regulation 2004/49 with a new WWRO law to reflect the transfer of UNMIK reserve powers to Kosovo institutions

Review the current arrangements for determining tariffs and set new service tariffs for water, wastewater, waste collection, and waste disposal service providers

Review WWRO Rules in the light of practical experience and amend them accordingly and issue new Rules when appropriate

Conduct benchmarking of service providers' performances and publish performance reports

Establish performance targets for financial, technical and customer related performance to be achieved by the regulated service providers

Monitor compliance with service standards and enforce these service standards where necessary

Set new service tariffs for the regulated service providers

Participate in a high level review of the solid waste legal framework with other stakeholders to ensure that the inconsistencies between the Waste Law and the 2004/49 Regulations and Rules concerning overall responsibilities for licensing, tariff setting and other issues are resolved by amendments to the legislation. This includes ensuring that there is scope for PSP in the solid waste sector within the amended legal framework

Improve the awareness of customers of their rights and obligations including developing the activities and effectiveness of the regional Customer Service Committees

Develop links with the other Service provider regulators in Kosovo, both economic and environmental, and to develop a long term twinning relationship with a suitable European regulator to facilitate exchange of information and experience

Recruit highly qualified additional WWRO staff to improve regulatory performance

Develop WWRO permanent staff capabilities through in-house and external training;

Undertake enhancements to the WWRO internet site to improve the level of information to stakeholders especially water and waste customers, and links to other relevant sites;

Review and refine the current enforcement regime for compliance with the statutory obligations of the service providers.

Table 1 – WWRO achievements up to March 2007

Activity	Details	Key dates
Drafting and issuance of the secondary legislation and subsequent revisions where appropriate	Preparation of 14 rules in accordance with the legal obligations set out in UNMIK Regulation 2004/49 setting out the systems and procedures to be followed for all aspects of the WWRO regulatory mandate. Subsequent revisions included provisions for bulk treated water tariffs	Completed on 26 January 2005 in accordance with the deadline prescribed in the Regulation
Issuance of service licences to the water and wastewater service providers	The licences were issued for an initial interim period of one year. Afterwards, licenses were renewed for a further 3 years.	Initial licenses issued on 8 November 2005, renewed for 3 years on 8 th November 2006.
Issuance of service licences to the solid waste collection service providers	The licences were issued for an initial interim period of one year. Afterwards, licenses were renewed for a further 3 years.	Initial licenses issued on 30 November 2005, renewed for 3 years on 30 th November 2006.
Issuance of a service licence to KLMC, the solid waste disposal service provider	The licence was issued for a three year period	Licence issued during September 2006
Approval of service tariffs for water and wastewater service providers	Tariffs were set for an interim period of one year comprising the issuance of Service Tariff Orders setting tariffs for seven regional water and wastewater service providers and one bulk water supplier. The orders were issued and published on the WWRO internet site. New tariffs for 2007/2008 for each of the water sector service providers are being reviewed taking account of significant increases in electricity costs approved by the Energy Regulator (ERO) in March 2007	Started in July 2005 and has been completed in February 2006 with the issuance of the Service Tariff Orders
Approval of service tariffs for waste collection service providers	Tariffs were set for an interim period of one year comprising the issuance of the Service Tariff Orders setting tariffs for seven regional waste collection service providers. The orders were published on the WWRO official internet site. The period of application of the current waste collection tariffs has recently been extended	Started in August 2005 and completed in May to July 2006 with the issuance of the Service Tariff Orders New tariffs are expected to be set by the third quarter of 2007
Developing a draft policy on de-regulation of the waste collection sector	The draft policy has been distributed to all stakeholders and proposes that the waste collection service provision is deregulated and opened to market competition under the overall management of respective municipalities	
Approval of Customer charters for all water and solid waste service providers	Customer charters setting out the mutual rights and obligations between service providers and their customers.	Carried out during June to October 2005
Approval of Service Contract forms	Model contracts to be entered between water and waste service providers and their customers	Carried out during May to July 2005
Establishment of Customers Consultative Committees (CCCs) in seven regions of Kosovo.	These Committees comprise two representatives of each Kosovo municipality. Their main role is to address customers' complaints and concerns in relation to the water and waste services provided by licensed service providers.	CCC-s were formally established in January 2006;
Finalising the Memorandum of Understanding (MoU) with NIPHK	The MoU sets out the responsibilities of WWRO and NIPHK in relation to maintaining the quality of drinking water provided by the service providers	
Development of a new performance monthly reporting regime	The OFCR prepared for the waste and water service providers including production of a manual and service provider staff training	
Development of tariff policy guidelines	Comprised a consultation process (two workshops) with water and waste stakeholders resulting in new WWRO tariff policy document	Workshops held in May 2007.

Water sector performance

Operational and Financial Performance Monitoring (OFMP)

Prior to the establishment of WWRO in November 2004, KTA initiated the Operational and Financial Monitoring Project (OFMP). Its purpose was to create, implement, and further develop a computerised system for reporting monitoring and publication of the operational data and financial performance of the seven regional water service providers in Kosovo. The implementation responsibilities were transferred from KTA to WWRO at the end of 2006, the WWRO being recognised as the most appropriate institution for undertaking this important regulatory responsibility.

The performance indicators for the OFMP were selected prior to the establishment of WWRO and thus do not necessarily agree with the service standards in UNMIK Regulation 2004/49.

Performance standards

Water services

UNMIK Regulation 2004/49 (Section 11(a)) prescribes the following water services standards for the provision of water supply services:

- Quality of water
- *Water pressure
- Water availability
- *Number of interruptions
- *Response time for investigation and repair of leaks
- *Time to process applications for water services



Intake structure of Drini i Bardhë spring

** Not reported in the 2005/2006 OFMP data provided by the water service providers to KTA/WWRO. They may, however, be subject to performance reporting in 2007*

The specified standards as set out in the regulation are reproduced in Annex D.

Of these standards four of them are not examined in this report.

Pressure in the network is very difficult for service providers to measure and report meaningfully due to a variety of technical reasons, e.g. topography, demand patterns and other technical constraints. Consequently service providers have not been required to measure and report this service standard and in due course WWRO proposes to remove this service standard from the regulations.

Number of interruptions

The number of interruptions is neither currently measured nor reported by service providers and estimated to be quite low. The continuity of supply as considered in the previous section is considered to be a more meaningful indicator of service provision by WWRO.

Response time is not currently reported by service providers. In due course service providers will be required to submit NRW reduction strategies to WWRO as part of their tariff applications including their proposed measures to measure and report improvements in the response times for repairing leakages.

The time to process applications is not currently reported by the service providers. WWRO is encouraging them to improve their customer services management in 2007 including the development of improved procedures and regulatory reporting of performance.

Bulk water suppliers

WWRO's remit includes the economic regulation of bulk water service providers in accordance with Section 1 of UNMIK Regulation 2004/49. There is only one licensed bulk water service provider, NPH 'Iber-Lepenci', that provides a small amount of bulk water to Mitrovica and Pristina. The nature of bulk water supply services is very different to that of utility supply activities and as there are no service standards applicable to bulk water supplies the reporting of performance in this report is not appropriate. WWRO's remit, in this case, is confined to tariff setting only

Wastewater services

UNMIK Regulation 2004/49 (Section 11 (b)) prescribes the following services standards for the provision of wastewater services:

- Frequency of sewer cleaning
- Frequency and time for repair of leakages and flooding in the wastewater collection system
- Time to process applications for wastewater services

These standards are not considered in this report because performance data are currently very limited and were not generally reported in the 2005/2006 OFMP.

Standards recognised in tariff setting

Section 10.3 of UNMIK Regulation 2004/49 includes a requirement that WWRO's tariff setting process shall recognise the degree to which the service provider has, over the previous 12 months, provided its services:

- In accordance with the applicable service standards
- Complied with the relevant environmental standards applicable in Kosovo
- Reduced the quantity of NRW
- Increased the total number of invoices delivered to customers and the percentage of all invoices collected

Indicators used in this report

Technical and customer related service standards

The choice of which water sector performance indicators to review in this report has been determined mainly by the availability of information from the OFMP for 2005/2006 with respect to the relevant standards specified in the regulations.

The additional indicators used in this section of the report, but not specifically required in the regulations, have been chosen to give a reasonable representation of the level of service provided by the service providers. The list is not exhaustive and has been limited to seven technical/ customer service indicators.

The technical and customer services indicators used are:

- Water quality
- Availability of water
- Service coverage
- Metered consumption
- Staffing efficiency
- NRW (percentage)
- NRW (litres per customer per day)
- Complaints

Many of the indicators reviewed in this report are not mutually exclusive, e.g. high levels of NRW will often result in low pressures and poor continuity and can adversely affect drinking water quality

Financial indicators

Four key financial indicators used in this report are:

- Working ratio
- Working coverage ratio
- Unit cost of production

Water quality

WWRO is responsible for monitoring drinking water quality delivered to customers by the water service providers in relation to the national standards for Kosovo and have powers to impose penalties, including fines, on service providers for providing water unfit for human consumption. The responsibility for taking, analysing drinking water quality samples and reporting the results to water service providers and other stakeholders, however, rests with the NIPHK. WWRO has recently (March 2007) signed a Memorandum of Agreement with NIPHK setting out the key responsibilities of both parties. WWRO is also supporting the development and implementation of revised drinking water quality standards for Kosovo in line with the latest Drinking Water Quality Directive (98/83/EC).

Figure 1 illustrates the percentage of the water quality tests which failed the bacteriological, physical and chemical drinking water quality standards in 2005 and 2006 for each water service provider.

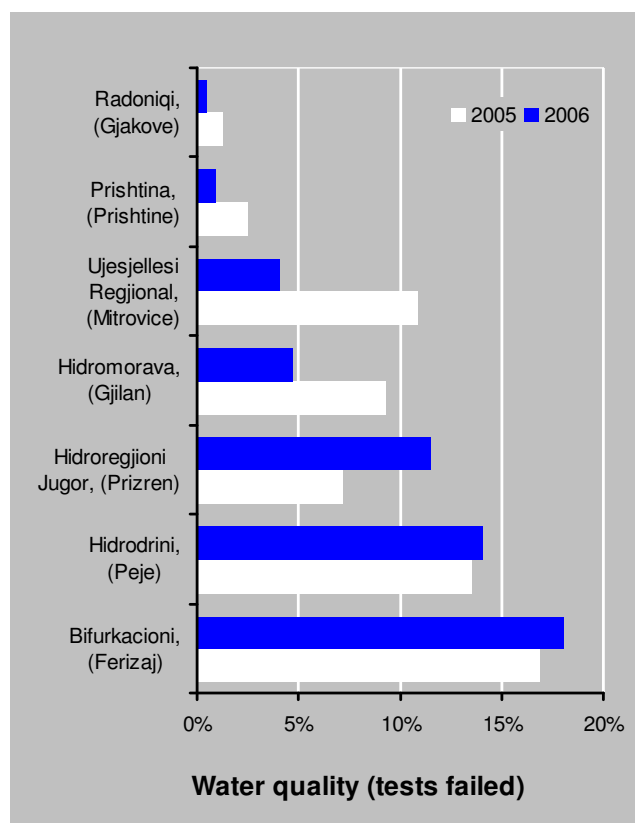


Figure 1 – Water quality

For the four best performing service providers, there has been a significant reduction in the percentage of reported water quality failures from 2005 to 2006 especially for the Mitrovica service provider. For the remaining service providers, in particular Ferizaj, the failure rate has increased giving cause for concern.

There is also a wide range in reported performance for 2006 from the best service provider, Gjakova, with a failure rate of less than 1%, to the worst, Ferizaj, with a failure rate of 18%.

Overall the water quality failure rate has reduced from 7% in 2005 to 6% in 2006 and although showing an improvement the level of service is still well below EU expectations.

WWRO comments:

WWRO will discuss with all the service providers and NIPHK the reasons for the wide range of failure rates and the reasons for an apparent deterioration in performance for the three poorest performing service providers in 2006. In addition WWRO and NIPHK will explore the option of introducing a more detailed reporting system where bacteriological failures (which may have major public health impacts) and chlorine residual failures are recorded and reported separately from physical/chemical failures, which, although important to customers, do not present the same level of public health risk.

In March 2007 WWRO, in cooperation with NIPHK, has had discussions with one regional water service provider concerning persistent bacteriological and physical and chemical failures in part of the service provider's supply area. As a result the causes of the bacteriological failures have now been resolved.

WWRO shall set targets for drinking water quality for 2008. Persistent bacteriological failures are unacceptable and should be very low and very occasional whilst physical and chemical failures should be no more than say 5% of the total samples analysed except in special circumstances agreed with NIPHK and WWRO and where formal exemptions are allowed by WWRO.

Availability of water

Availability of water is reported by service providers in terms of hours of continuous supply i.e. the number of hours per day on average that water is supplied to customers in the service area.

Figure 2 shows the average number of hours of water supplied to customers per day. This is an average for the overall service area and cannot identify areas that may experience significantly prolonged non-availability of water, e.g. at the end of the system and/or at a high elevations.

Only Pristina showed a significant improvement in continuity of supply from 2005 to 2006. All except the Gjilan service provider showed no change or a small improvement in continuity of supply.

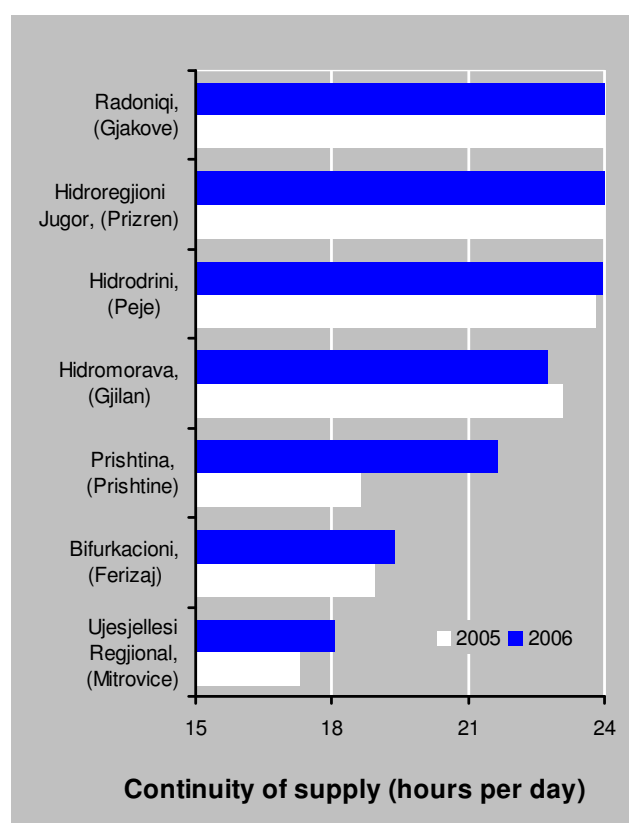


Figure 2 – Availability of water

Overall continuity of supply has improved from 21 hrs per day in 2005 to 22 hrs per day in 2006.

WWRO comments:

Although Pristina has improved its current level of service of less than 24 hours per day it is still less than what the WWRO expects. This low level of service, however, is partially explained by the recent significant increase in domestic customers and the resulting supply/demand shortfall, exacerbated by a high level of NRW (see Figure 7).

Mitrovica has the poorest performance for continuity in 2006 but the second best reported NRW figures. The Mitrovica service area, however, also has a low level of metered consumption (see Figure 4) which may be disguising higher than reported NRW levels

Mitrovica and Ferizaj service areas fall well short of the service standard (18 hrs average and 19.5 hours per day respectively) as a result of water resources/ treatment capacity constraints as well as reported very high NRW levels.

WWRO will be asking service providers to report continuity in more detail to highlight any variations in service provision in different areas. In addition, planned / routine interruptions proposed by the service provider need to be approved by WWRO in advance and subject to formal exemptions in accordance with the regulations.

Service coverage

Figure 3 shows the percentage of the population within each service provider's defined area of supply that enjoys easy access to public water services. By implication, significant parts of the population (normally rural areas) are not currently served by public service providers but may have limited rural water supply provision e.g. wells or springs outside the remit of WWRO.

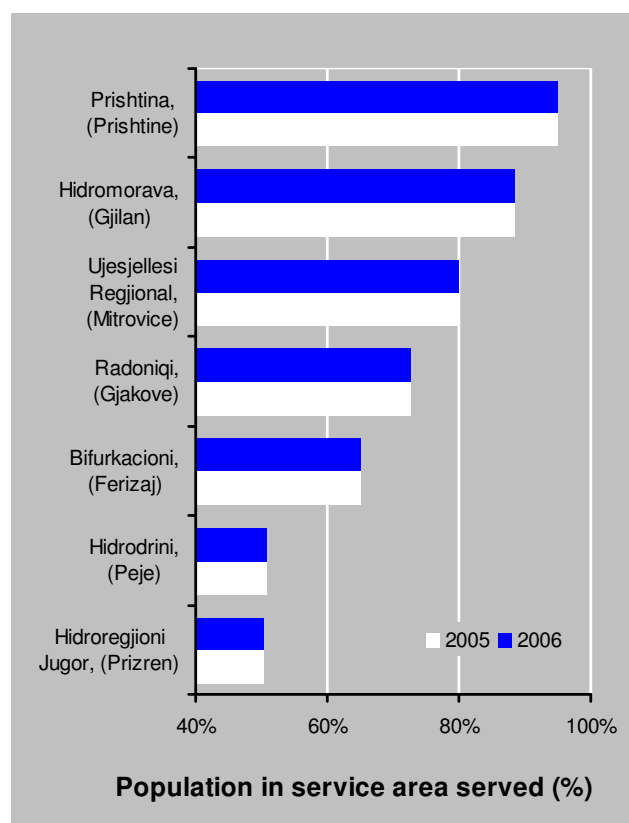


Figure 3 – Service coverage

All service providers reported no change in the service coverage figures for 2005 and 2006.

The highest service coverage level is for Pristina with nearly 100% coverage whilst the Prisen and Peja regions both report the lowest at approximately 50%.

Overall the service coverage is static at 74%.

There are no current official policies or targets for service coverage for Kosovo against which WWRO can monitor and report on progress, although ultimately WWRO would expect 100% coverage (less those not wishing to have a supply) within the foreseeable future.

Metered consumption

Figure 4 shows the percentage of consumption based on actual meter readings compared with the billed volume of water (metered plus notional consumption)⁶. The notional figures reflect an assumed average consumption and if incorrectly estimated by service providers can give misleading information on other indicators. If the notional assumed domestic consumption is higher than actual consumption (which can often be the case) it will artificially lower the calculated level of NRW and vice-versa.

⁶ The total billed volume of water comprises the volume of water measured through functioning meters plus the volume of water estimated to have been consumed (and therefore billed) by those customers whose meters are either faulty or missing.

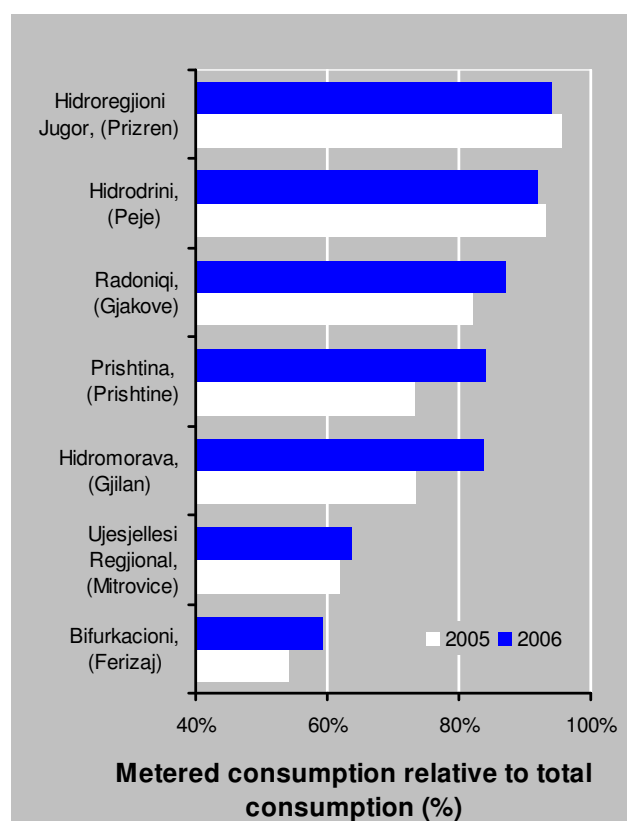


Figure 4 – Metered consumption

Two service providers reported reductions in metered consumption from 2005 to 2006 which is possibly attributable a fall in the number of operational domestic meters, possibly reflecting inadequate maintenance arrangements by these service providers. The other service providers reported an increase in metered consumption from 2005 to 2006, especially for Pristina and Gjilan regions where the reported increase was about 5%.

Ferizaj and Mitrovica regions still have only about 60% of the total amount invoiced based on actual meter readings.

Overall, metered consumption increased from 77% in 2005 to 83% in 2006.

WWRO comments:

The metered consumptions in Ferizaj and Mitrovica are unacceptably low and may adversely affect customer confidence in the billing figures and a possible disguising of a higher level of non revenue water than reported for these service providers. WWRO will take up this issue with these water service providers in the near future.

Staffing efficiency

Figure 5 illustrates the staffing efficiency for each service provider, measured as staff employed per 1000 customers. Staff costs are generally the highest (or second highest after energy) component of a service provider's direct operational costs. The way a service provider utilises its human resources is therefore critical to its overall operational efficiency.

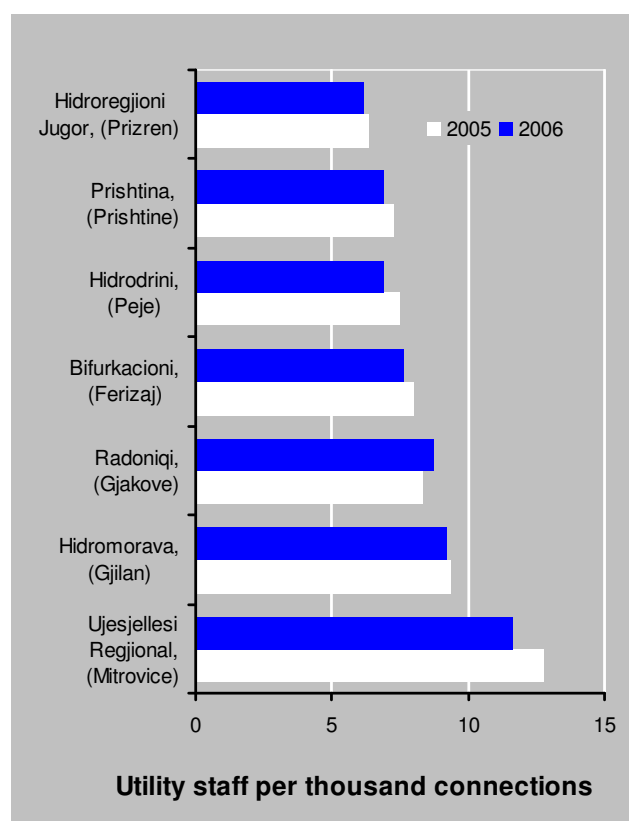


Figure 5 – Staffing efficiency

There is an encouraging trend for all the service providers, with the exception of Gjakova, to improve their staffing efficiency.

Overall staff efficiency has improved from 8.1 employees per 1000 customers in 2005 to 7.6 in 2006.

WWRO comments:

Aside from Mitrovica, there is a relatively narrow range of staffing efficiency (7 – 9 staff per 1000 customers). This level of efficiency is some 30 – 60% above the World Bank guideline estimate of 5 - 6 employees per 1000 customers and further improvements should be possible. It is recognised that the high staffing levels are partly attributable to the effects of the recent consolidation of several municipal service providers into larger regional service providers.

Where service coverage is low significant improvements in efficiency can be delivered through service expansion with a less than proportionate increase in staffing levels.

It is recognised that the larger service providers may enjoy relatively greater economies of scale than the smaller ones. On this rationale Pristina's staffing levels relative to customers should be, by far, the lowest, whereas Ferizaj and Gjilan would be expected to have the highest staffing level. The actual levels, however, do not conform to any discernable pattern suggesting that there may be varying scope for improved efficiency. WWRO shall, in future reports, analyse efficiency relative to size and other factors in order to determine meaningful targets for improved performance.

NRW (percentage of production)

NRW comprises physical losses (through leaks and bursts) and commercial losses (through under-reading meters and illegal connections). Physical and commercial NRW are not just losses to the service provider but also losses to the customers. For every litre of water lost through leakage the cost of its production is wasted and it deprives customers of using that water productively and paying for it. Non revenue water is currently reported

by service providers as a percentage of water production. This approach, however, can be misleading⁷.

Furthermore, service providers do not disaggregate the NRW into physical and commercial losses. They mainly concentrate on replacing old distribution mains as the solution to reducing NRW rather than adopting a more strategic⁸ view of the problem.

Figure 6 shows NRW as a percentage of production for each service provider and Figure 7 shows NRW as litres per customer per day⁹.

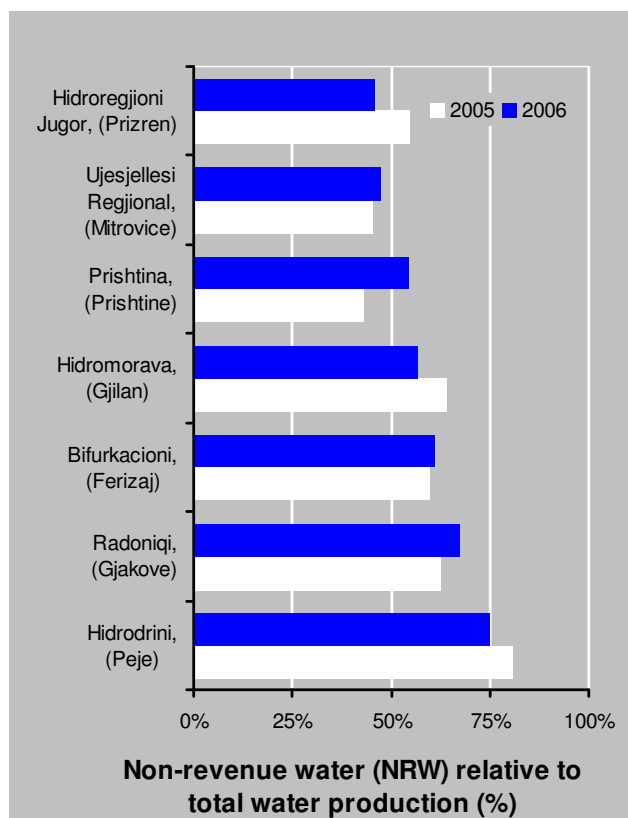


Figure 6 – Non-revenue water (%)

NRW has fallen by a few percent from 2005 to 2006 in Prizren, Gjilan, and Peja but has increased by a few percent in Mitrovica, Pristina, Ferizaj and Gjakova.

The increase in the Pristina has been attributed by the service provider to a significant increase in the number of customers equipped with meters in the last 12 months and now billed in accordance with accurate meter readings whereas in the past demand was over-estimated and thus diluted the true level of NRW.

⁷ Expressing NRW as a percentage of production is a fundamentally flawed concept. If demand was to raise so would production by the same amount, NRW as a percentage would fall, suggesting an improvement, whereas the total volume of NRW has not changed. Similarly, if demand fell, e.g. through successful water conservation measures, NRW as a percentage would rise, but again nothing has changed.

⁸ There is an informed international debate within the International Water Association (IWA) about the most appropriate measure of NRW. In order to capture the different perspectives, the reporting of the three measures of NRW, i.e. percentage of production, m³ per connection or customer and m³ per km of main have been employed as standard measures in many countries. NRW level expressed as a percentage of system input volume or total water production is best avoided as a KPI or a performance target. The IWA's Water Losses Task Force recommends using a new indicator (the Infrastructure Leakage Index (ILI)), which takes account of continuity of supply, mains length, number of service connections, location of customer meters and average operating pressure. Expressing real losses as a percentage of volume input takes no account of any of these factors. WWRO will consider this approach for the future.

⁹ A customer is a single billing point i.e. a single household or commercial customer

There is a large range of NRW in 2006, the lowest being Prizren (46%) and the highest being Peja (75%).

Overall NRW has increased from 58% in 2005 to 59% in 2006.

NRW (litres per customer per day)

NRW expressed in litres per customer per day is a much more suitable unit for comparing performance. Figure 7 indicates that Peja is, by far, the worst performing with losses of 2,560 litres per customer per day for 2006 whilst Ferizaj is the best performing at 540 litres per customer per day.

Overall NRW expressed as litres per customer per day has improved slightly from 1,310 litres per customer per day in 2005 to 1,210 in 2006.

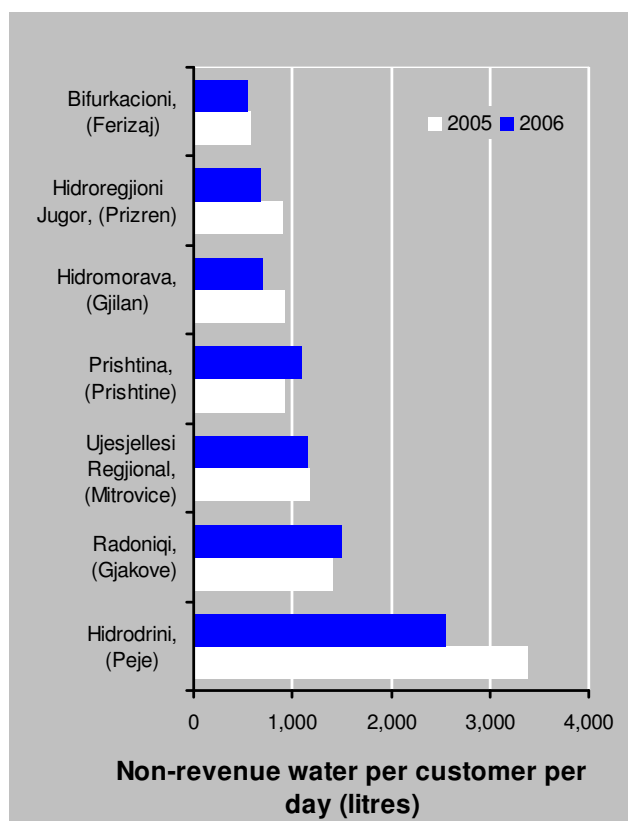


Figure 7 – Non-revenue water (litres)

WWRO comments:

WWRO has recently reviewed the presence of reliable bulk water meters in each service provider to ensure reported production figures are reliable for calculating NRW.

WWRO is concerned that insufficient attention is being paid by service providers to the development and implementation of NRW reduction strategies for both the physical and commercial losses. This is especially important for Pristina, Ferizaj and Mitrovica where supply interruptions are not uncommon for several hours each day. WWRO expects service providers to develop detailed strategies and agree targets with WWRO for NRW reductions in the future.

Each service provider's NRW reduction strategy will be expected to address both physical and commercial losses in accordance with good practice.

WWRO will continue to report NRW in percentage terms but will use the more meaningful unit of litres per customer per day to assess overall performance.

Complaints

Figure 8 shows the average number of complaints received by each service provider per 1000 customers. The reported figures indicate a small to significant improvement in the number of complaints from 2005 to 2006 for all the service providers. However it is difficult to correlate this with other performance indicators which show increasing or static levels of NRW, water quality failures and supply interruptions.

There is also a wide range in the number of complaints. Mitrovica has the highest level of complaints which is consistent with the poor continuity shown in Figure 2. At the other extreme Prizren has the lowest level of complaints per 1000 customers consistent with the relatively low NRW levels, high staff efficiency and 100% continuity of supply.

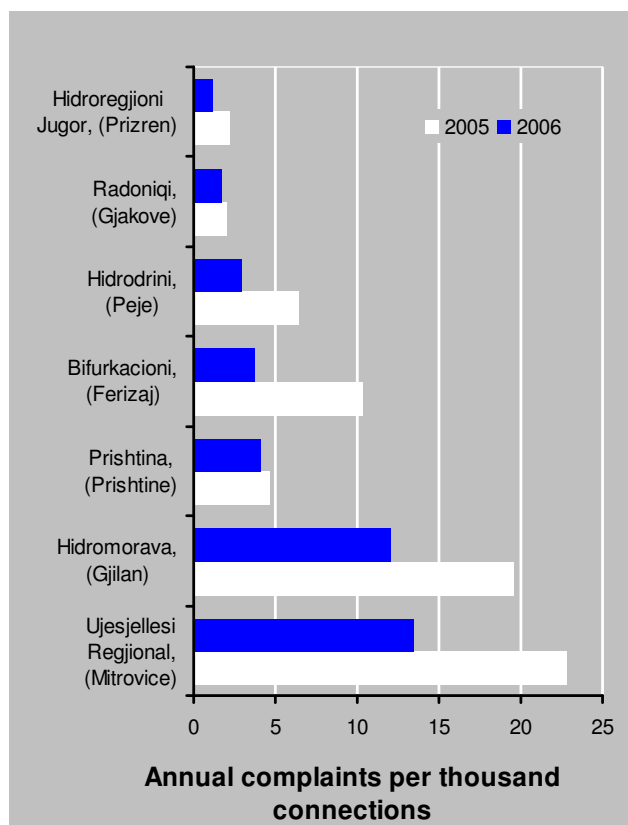


Figure 8 – Complaints

Overall the number of complaints per 1000 customers appears to have reduced significantly from 7.7 in 2005 to 4.7 in 2006, but this does not, however, indicate an improvement in customer satisfaction and may be attributable to other factors such as complaints procedures.

WWRO Comment:

WWRO will review the arrangements in each service provider for recording and responding to complaints and other queries in 2007. At present the service providers' facilities are considered to be poor and the complaints data unreliable.

Working and working coverage ratios

The working ratio is an indicator of the ability of an organisation to finance its direct operational costs excluding non-cash expenditure such as depreciation. The definition does not distinguish between cash revenues and billings and in effect considers all billed amounts as income irrespective of whether such bills translate into cash income.

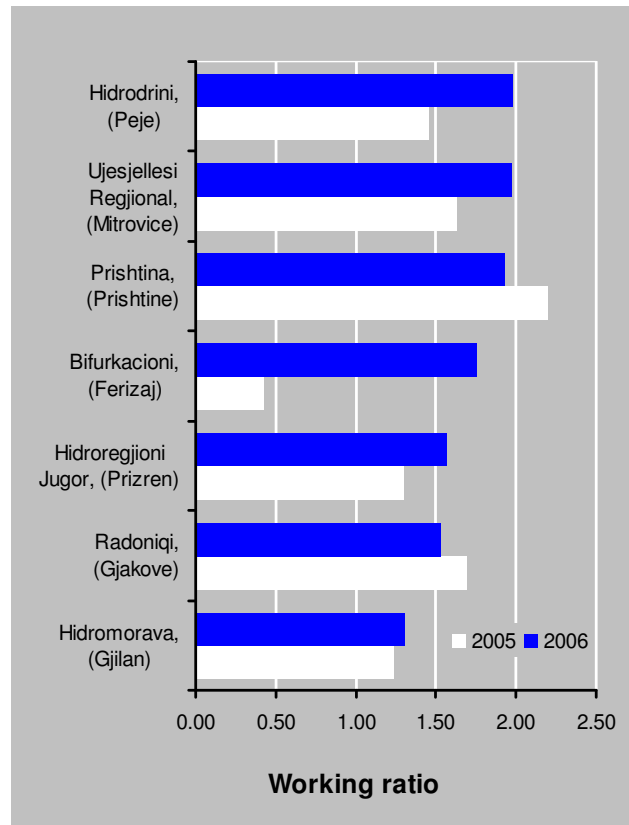


Figure 9 – Working ratio

The working ratios range from 1.3 to 2.0 (Figure 9) and if all billings were translated into cash most of the service providers' financial positions would, in theory, appear to be relatively sound. The water supply industry is, however, typically very capital intensive with full current cost depreciation accounting for some 40% of total costs. On this basis a working ratio range of approximately 1.7 to 2.0, together with a near 100% revenue collection is necessary to ensure effective operation of the assets and proper repair and replacement of assets (capital maintenance) without which levels of service will undoubtedly fall.

The working coverage ratio is more indicative of the true state of the service providers' financial positions in that it only treats cash income received as revenue.

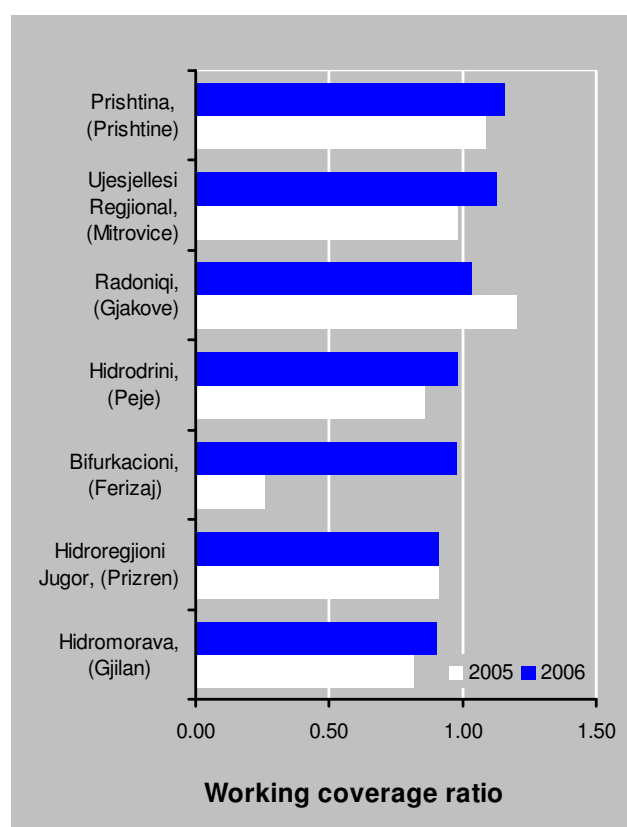


Figure 10 – Working coverage ratio

Figure 10 shows that all the service providers' working coverage ratios are either marginally above or below 1.0. This indicates that they are only able to meet their direct operating expenses, or, more than likely, their operating expenditure is limited by the amount of cash income they receive. There is virtually zero finance available for much needed capital maintenance, the inevitable result being a continual decline in the level of service as the infrastructure fails and is neither repaired nor replaced.

WWRO comments:

The financial analyses of the service providers indicate that they are only just meeting their direct operation costs and that there is no capacity for the financing of capital investment, including capital maintenance. Cash revenue has to increase considerably, either by increasing collection efficiency or raising tariffs or a combination of both, to achieve the much higher levels of service in line with EU standards and also to satisfy the current supply / demand imbalances.

Unit operating cost

Figure 11 shows the operating cost per m³ of water produced for each service provider¹⁰.

Unit operating costs have increased by a relatively small margin, i.e. higher costs per m³ for all service providers, except Ferizaj where the 2005 results appear to be overstated. This reflects increases in energy costs but also a less than satisfactory effort to improve operating efficiency by all the service providers. The increase in operating costs in Gjilan appears to be high relative to the other service providers.

¹⁰ It is recognised that certain costs are unique to individual service providers, notably energy costs, for which direct comparisons are not necessarily reflective of performance. In future reports WWRO shall examine these costs in more detail and make allowances for any atypical factors that are outside the direct control of management.

Operating costs are affected significantly by the type of supply system, e.g. a gravity supply will be cheaper to operate than a pumped system and a good quality raw water source reduces the treatment related costs significantly. Peja enjoys the lowest unit operating costs whereas Gjilan is the highest. The remaining five service providers all have marginally similar unit costs.

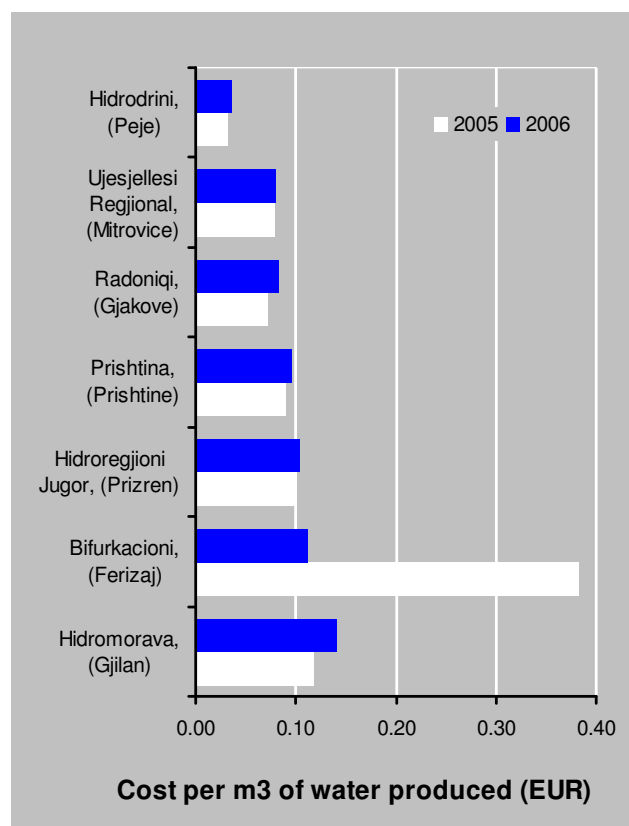


Figure 11 – Unit operating costs

Overall the unit cost of water produced in 2005 and 2006 has remained stable at EUR 0.08 per m³.

WWRO comments:

WWRO will investigate why the increase in costs for Gjilan from 2005 to 2006 were more significant than the other service providers.

WWRO is considering the option of modifying the KPI in the future by removing energy costs from the total unit costs to give a better reflection of costs under the service provider's control.

Although this report has examined unit production costs a more appropriate measure of performance that captures many facets of water supply management is the unit cost of water that is supplied and paid for¹¹. This new KPI shall be examined in future reports.

Collection rate

Figure 12 shows the collection rates for the water service providers. The 2006 performance has improved on 2005 for two service providers (Gjilan and Pristina) and a deterioration in the others.

¹¹ This 'master' KPI is defined as the total operational costs divided by the volume of water that is sold and paid for. This effectively captures aspects such as revenue collection performance, increased service coverage (through increased sales), operational efficiency (including NRW reduction) and other factors. The use of this KPI as a target gives the management of the service provider the freedom to determine how to best utilise the resources at its disposal rather than target individual KPIs that may or may not be the most efficient.

The overall collection rates for 2006, i.e. domestic, commercial and industrial customers combined, range from 45% for Mitrovica to 66% for Gjakova and Gjilan. For domestic customers only the sector average is stable at only 48%.

Overall the collection rate has marginally increased from 56% in 2005 to 57% in 2006, which although positive it is still well below what WWRO considers necessary for financial viability.

WWRO comments:

The reported collection rates for all service providers are unacceptably low and have a direct impact on the profitability of the service providers. Service providers should be introducing innovative ways to encourage customers to pay such as discounts for prompt payment. The low collection rate in Mitrovica, the weakest in this regard, is reflective of the poor continuity of supply as well as political and minority issues which are particular to this service provider. WWRO has examined affordability constraints and it is estimated that the ceiling on collection efficiency is some 85 – 90% of total billings. To increase collection beyond this ceiling the service providers and the Water and Wastewater Works Association in Kosovo (SHUKOS) should work with the Ministry of Finance and the Ministry of Social Welfare to develop a system of direct payments to service providers for the water bills of registered social cases.

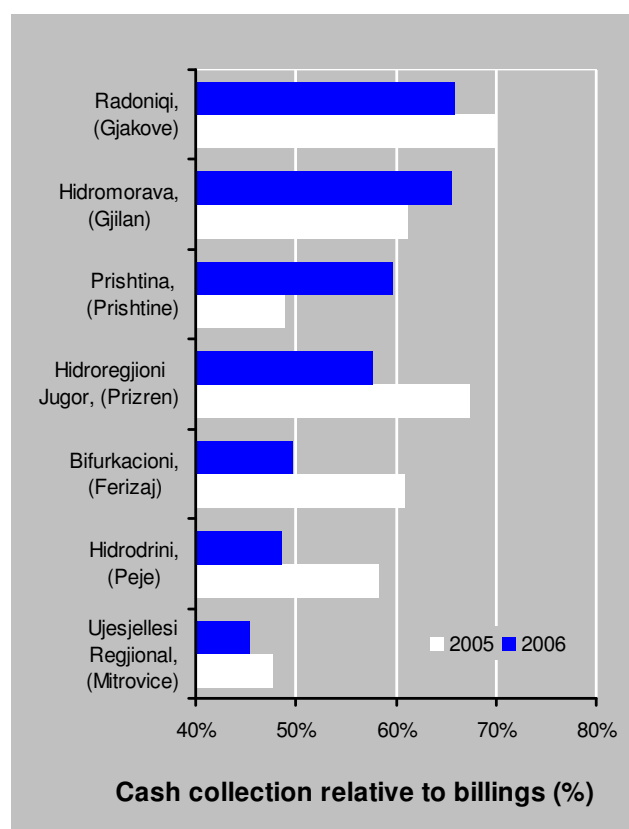


Figure 12 – Cash collection efficiency

Overall performance assessment - 2006

This report examines the overall performance of the service providers. The assessment is based upon a simple combination of selected KPIs. A detailed description of the rationale behind this assessment together with detailed results is presented in Annex B. It is important to recognise that the rationale is based upon relative performance and therefore and a high score does not necessarily indicate satisfactory performance but rather that performance is better than others in the group.

Table 2 summarises the overall performance assessment of the seven water service providers for 2006. Gjakove is comfortably the best performing with 4.1 points out of a

maximum of 5.0 points. At the other extreme, however, the performance of Ferizaj, Mitrovica and Peje were well below performance expectations all scoring less than 2.5.

Table 2 - 2006 overall performance assessment

Pos	Service provider	Total
1	Radoniqi, (Gjakove)	4.1
2	Hidromorava, (Gjilan)	3.5
3	Prishtina, (Prishtine)	3.4
4	Hidroregjioni Jugor, (Prizren)	3.3
5	Hidrodrini, (Peje)	2.4
6	Ujesjellesi Regjional, (Mitrovice)	2.1
7	Bifurkacioni, (Ferizaj)	1.7

Overall improvement in performance from 2005 - 2006

A similar approach to that described above has been taken in this report to determine the best and worst change in performance by each of the service providers from 2005 to 2006.

Table 3 – Overall improvement on 2005

Pos	Service provider	Total
1	Prishtina, (Prishtine)	3.2
2	Hidromorava, (Gjilan)	2.5
3	Ujesjellesi Regjional, (Mitrovice)	2.3
4	Bifurkacioni, (Ferizaj)	2.2
5	Radoniqi, (Gjakove)	1.7
6	Hidrodrini, (Peje)	1.7
7	Hidroregjioni Jugor, (Prizren)	1.4

Table 3 summarises the assessment of improvements made during 2006. The most improved is Pristine through good improvements in quality, continuity and collection although unit costs and NRW have not improved much or have worsened.

Prizen's limited improvements in all areas give causes for concern.

Overall Sector improvement from 2006 vs 2005

This report also compares sector performance in 2005 with 2006 to determine if the sector has improved overall using the same five KPIs.

Table 4 summarises the overall sector performance for each indicator which indicates a modest improvement in all areas of the water sector other than cost.

Table 4 – Overall sector performance 2005 - 2006

KPI	Improvement / deterioration	Scale of improvement
Water quality	😊	7% to 6% failure rate
Continuity	😊	21 to 22 hrs per day
Unit cost	😐	No change
NRW	😊	1,310 – 1,210 litres per customer per day
Collection	😊	56% to 57%

😊 - Improved

😐 - No change

😞 - Deterioration

Waste collection sector performance

Performance Standards

UNMIK Regulation 2004/49 (Section 11 (c)) prescribes the following service standards in which apply to the provision of waste collection services:

- Schedule and frequency of collection of waste
- Communal container density
- Waste collection site housekeeping
- Prevention of flying and loose debris

The specified standards as set out in the regulation are reproduced in Annex D

None of the service standards listed in UNMIK Regulation 2004/49 is reviewed. WWRO expect, however, to review the schedule of frequency of collection of waste and communal container density in the 2007 Performance Report.

Indicators used in this report

Technical and customer service standards

The choice of which technical and customer service indicators to use in this section of the report has been determined mainly by the limited availability of data from the waste collection service providers for 2006.

No data are available for any of the above performance standard indicators. In practice it is very difficult to measure waste collection site housekeeping and prevention of flying and loose debris meaningfully. Instead the following indicators have been reviewed in this report for which data for 2006 are available:

- Service coverage
- Waste collected per employee
- Percentage of waste disposed to licensed landfill sites
- Staffing efficiency
- Customer complaints



Waste collection Prishtina

Financial Indicators

Data for four key financial indicators are reviewed in this report are:

- Working ratio
- Working coverage ratio
- Collection rate
- Operating cost per tonne of waste collected.

Performance improvement

The performance of the waste collection service providers is not reported in this Report for 2005 as the data are both limited and unreliable due, in the main, to the consolidation process which was ongoing throughout 2005. Performance of the waste collection service providers in 2006 as reported in this report will be used as a baseline for the 2007 performance report. The data will be used by WWRO to analyse where improvements in service provider performance have occurred, both by comparing individual service

providers' performances from 2006 to 2007 and for evaluating the overall performance of the waste collection sector.

Service coverage

Service coverage, measured as served population relative to total population in the defined service area, is shown in Figure 13

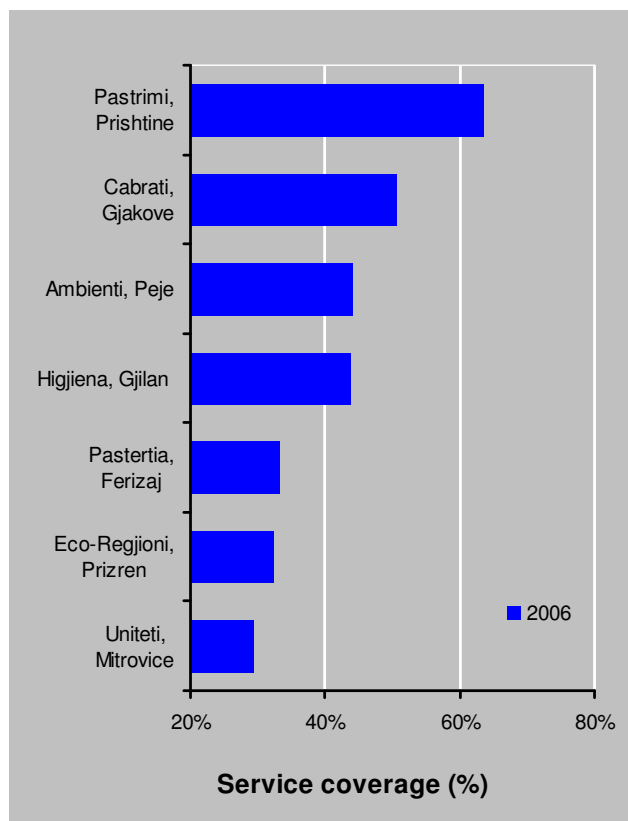


Figure 13 – Service coverage

The service coverage varies considerably across Kosovo. In Pristina, the coverage rates is more than 60% whereas the coverage in other areas is much lower, the worst being Prizren and Mitrovica where the it is approximately 30%.

Overall waste collection service coverage in 2006 was 44%

WWRO comments:

There are clearly improvements to be made in addressing the poor current service coverage rates. Service coverage rates tend to be higher in urban areas than in rural areas. Raising levels of service coverage will remain a long-term objective for the sector and require continued financial, technical and management input by the service providers and external financial assistance including support from development agencies.

Waste collected per employee

Figure 14 shows the amount of waste collected per employee (tonnes per month).

Overall the average waste collected per employee per month in 2006 was 162 tonnes

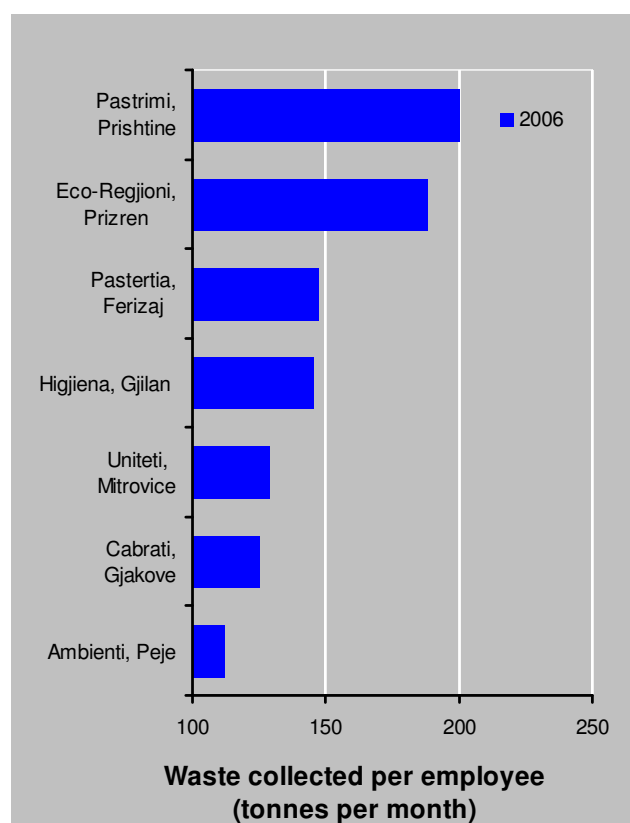


Figure 14 – Waste collection per employee

WWRO comments:

The figures indicate considerable variation in waste collection efficiency. The Pristina waste collection service provider (RWC Pastrimi) collects almost double the amount of the waste per employee compared with Peja waste collection service provider (RWC Ambienti). Furthermore the collection efficiencies of the two largest waste collection service providers, i.e. RWC Pastrimi and RWC Eco-Regjioni, serving Pristina and Prizren respectively, are substantially greater than the others. This is due to numerous factors including urban / rural characteristics, economies of scale, the number of collection vehicles, methods of collection and transportation distances to the landfill.

Percentage of waste disposed to registered landfill sites

The percentage of waste disposed of to regional landfills is illustrated in Figure 15. There are substantial variations between the service providers attributable to:

- Gjakova has no regional landfill sites.
- The landfill in Gjilan, which receives most of the waste from Gjilan and Ferizaj, was opened in June 2003 whereas the landfill in Pristina was only opened in December 2006 and therefore has only received a small amount of waste from the Pristina waste collection service provider during 2006.
- Mitrovica did not provide data for this report

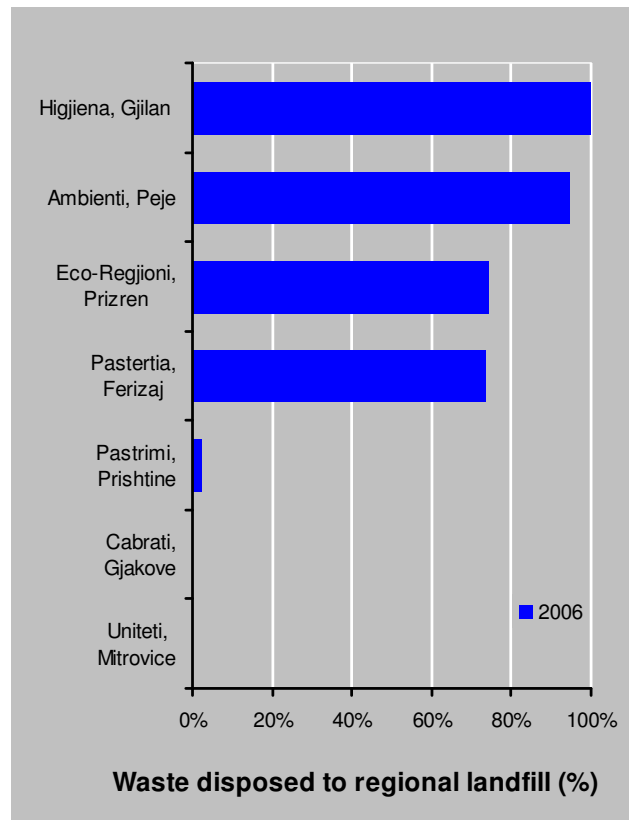


Figure 15 – Waste disposed to landfill

Staffing efficiency

Figure 16 shows the staffing efficiency (staff per 1000 customers) for each waste collection service provider. Staff costs are likely to be one of the highest direct operational cost and should be a focal point for efficiency improvements in the future. The data show that 8 – 10 staff per 1000 customers appears to be typical for Kosovo although the staff efficiencies of Mitrovica and Peja are significantly worse than the sector average, the reasons for which have not yet been identified.

Overall staffing efficiency in 2006 was 10.2 staff per 1000 customers.

WWRO comments:

WWRO will investigate the reasons for low staff efficiency in Peja and Mitrovica regions.

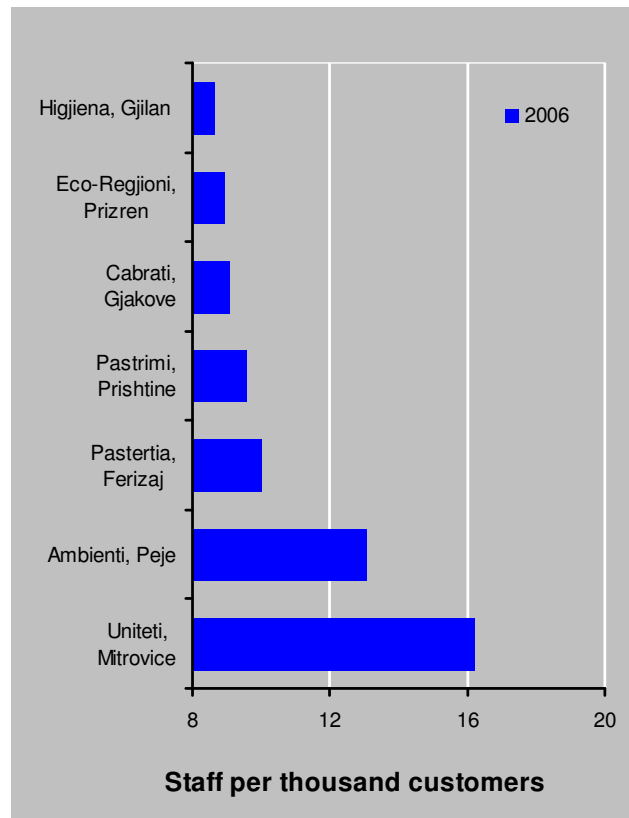


Figure 16 – Staffing efficiency

Customer complaints

Customer complaints data in Figure 17 show a range from 0.0 - 0.7 complaints per 1000 customers.

Unfortunately, the customer services procedures in 2006 do not provide a sound basis for detailed analysis. We expect the 2007 customer services data to be more reliable upon which WWRO can conduct a more meaningful examination of performance.

WWRO comments:

Reliable complaints data are difficult and challenging to obtain. The waste service providers are putting procedures in place in 2007 to improve customer services including complaints management.

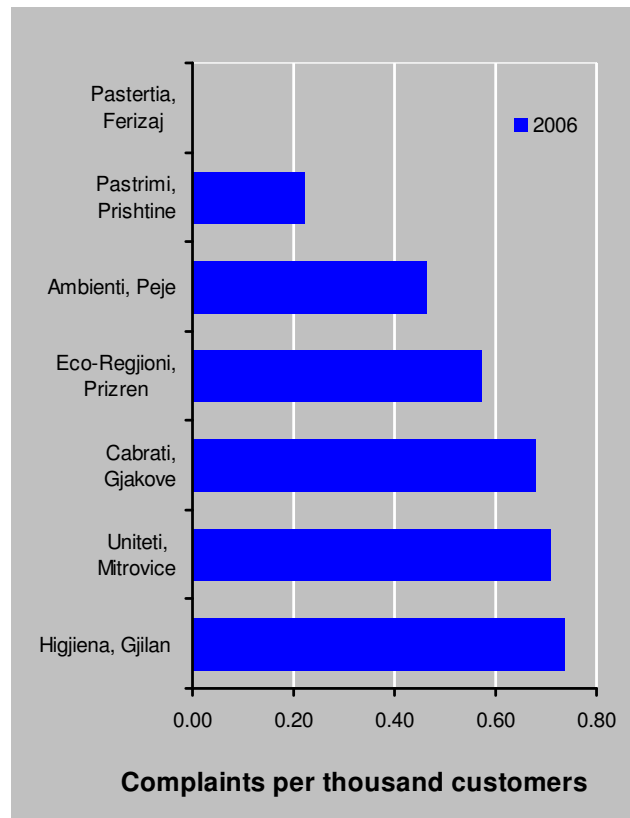


Figure 17 – Complaints

Working and working coverage ratios

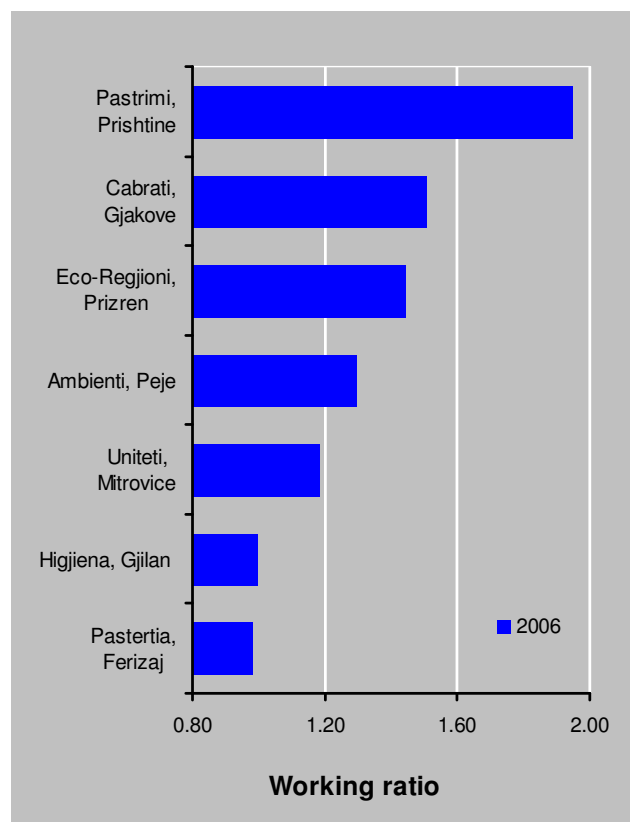


Figure 18 – Working ratio

The working ratio is an indicator of the ability of an organisation to finance its direct operational costs excluding non-cash expenditure such as depreciation. The definition does not distinguish between cash revenues and billings and in effect considers all billed amounts as income irrespective of whether such bills translate in cash income.

The working ratios range from 1.0 to just under 2.0 (Figure 18) indicating that only with 100% revenue collection can the weaker service providers cover their direct operational costs but will still not be able to meet their capital cost requirements.

The working coverage ratio which differs from working ratio by allowing for revenue collection performance is more indicative of the true financial performance. Figure 19 shows that for five of the seven service providers the ratio is below 1.0 suggesting a serious negative cash flow situation. The two providers with a working coverage ratio greater than 1.0 are only marginally cash flow positive and are unlikely to be able to meet their capital financing requirements.

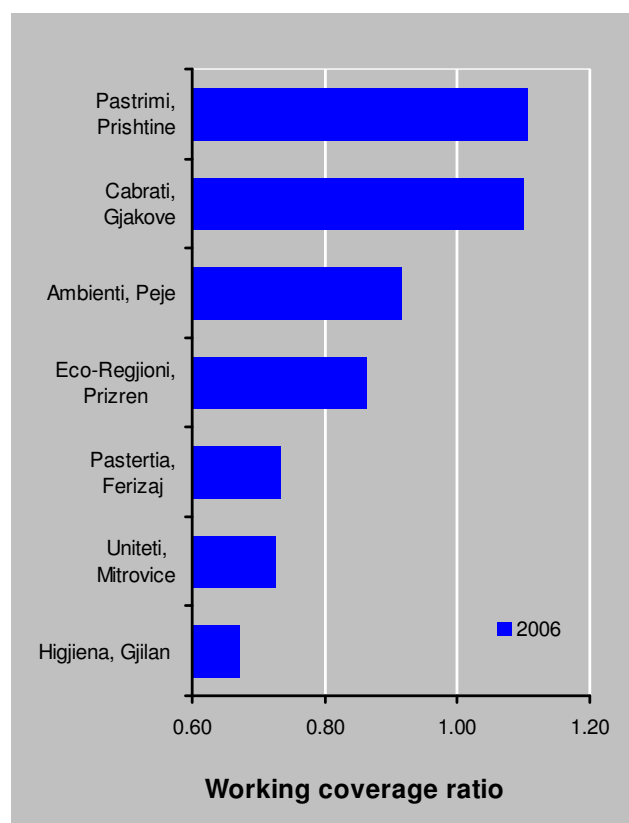


Figure 19 – Working coverage ratio

WWRO comments:

The cash flow performance of the service providers, as indicated by the working coverage ratios, are well below what is required to maintain fully functioning and sustainable waste collection services. Cash income has to increase, either by improved revenue collection performance or raising tariffs or both. It is anticipated that the proposals for restructuring the waste sector, especially the financing mechanisms, will address the current precarious financial positions of the service providers.

Overall the average working coverage ratio in 2006 was 0.89

Revenue collection rate

Figure 20 shows that the revenue collection rates for the collection service providers are poor, ranging from less than 50% to 70% of total billed amounts. Our analysis of customer affordability suggests that resistance to payment on grounds of affordability could account for some 10% to 15% of billings. Other forces such as weak enforcement measures are undoubtedly adversely affecting revenue collection performance.

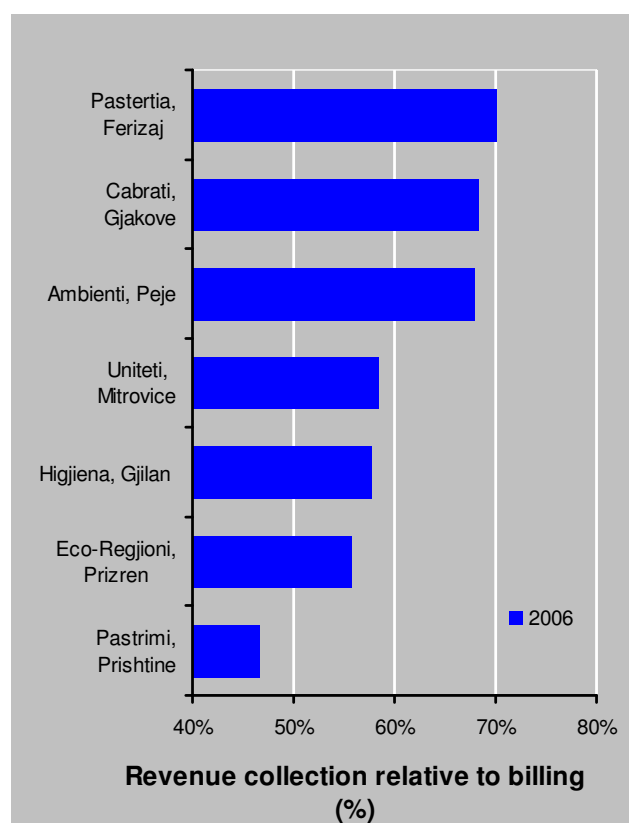


Figure 20 – Revenue collection

Overall the average revenue collection rate in 2006 was 56%

WWRO comments:

If full cost recovery and the expansion of the service are to be delivered at a reasonable price to the customer, collection rates needs to rise significantly. Under the current service arrangements waste collection service providers are required to collect the charges for both waste collection services and waste disposal services from all customers including domestic customers but have no legal means to enforce payment. WWRO supports the return of the management of the waste collection sector to municipal control and de-regulation of the waste collection sector as described earlier in the report. In the meantime service providers should be seeking innovative ways to improve collection rates.

Unit operating cost

Figure 21 shows operating cost per tonne of waste collection services. The operational costs vary considerably throughout Kosovo, the larger waste collection service providers through their economy of scale advantage generally carry out their operations at significantly lower costs than the other smaller operators.

Overall the average unit waste collection cost in 2006 was EUR 31 per tonne.

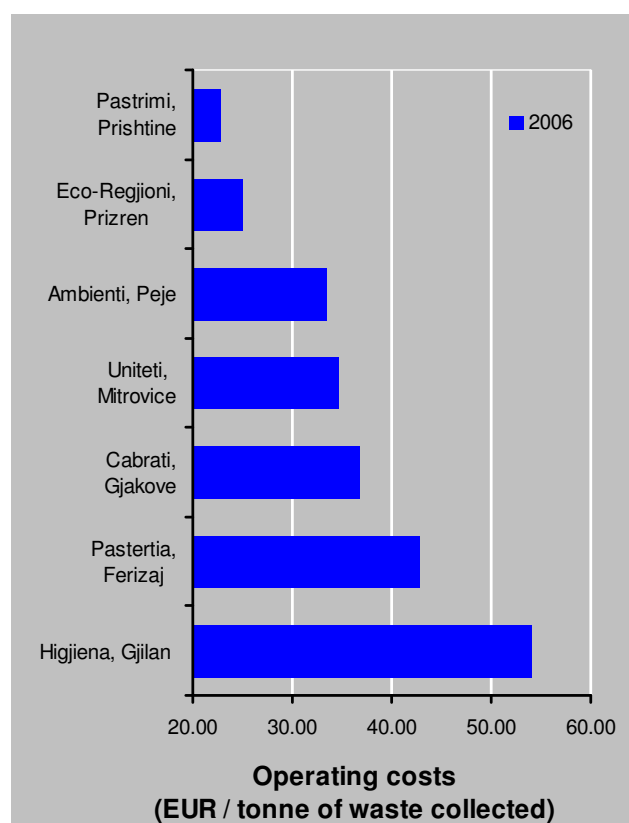


Figure 21 – Unit operating costs

Overall performance assessment - 2006

This report examines the overall performance of the waste collection service providers. The assessment is based upon a simple combination of selected KPIs. A detailed description of the rationale behind this assessment together with the detailed results of the analysis is presented in Annex B. It is important to recognise that the rationale is based upon relative performance and therefore a high score does not necessarily indicate satisfactory performance but rather that performance is better than others in the group.

Table 5 summarises the results of this simple overall performance assessment. The best performing waste collection company in 2006 is Cabrati of Gjakove scoring 1.9 out of a maximum of 2.0. At the other extreme Uniteti of Mitrovica and Pastrimi of Pristine both scored less than 1.0 indicating less than satisfactory performance.

Table 5 – 2006 overall performance assessment

Pos	Service provider	Total
1	Cabrati, Gjakove	1.9
2	Pastertia, Ferizaj	1.8
3	Higjiena, Gjilan	1.5
4	Eco-Regjioni, Prizren	1.3
5	Ambienti, Peje	1.3
6	Pastrimi, Prishtine	0.9
7	Uniteti, Mitrovica	0.5

WWRO comments:

In 2007 WWRO expect to use a wider selection of KPIs to evaluate overall performance including customer complaints, and operating costs (excluding disposal costs) and to compare overall sector performance from 2006 to 2007 and also to compare the performance of the service providers over the same period.

Waste disposal sector performance

Kosovo Landfill Management Company (KLMC)

The reporting on the waste disposal sector in this Report has been limited to data provided to WWRO by the Kosovo Landfill Management Company (KLMC). KLMC is currently the only operator licensed by WWRO to operate landfills and currently operates the four EAR funded landfills at: Pristina, Podujevo, Prizren and Gjilan through private operators under contract.

Licensed landfill sites

The majority of KLMC's customers (but not all) are the regional waste collection service providers for the Pristina, Gjilan, Ferizaj, Prizren, Podujevo service areas and numerous private/ international operators, e.g. KFOR. Two of the regional waste collection service providers, e.g. Peja and Gjakova, do not currently use the KLMC regional landfill sites and continue to deposit waste at unlicensed sites. Another operator, the Peja landfill, has submitted a licence application that is currently being processed by WWRO. This section of the report only considers the waste disposal activities of KLMC.



Landfill site in Gjilan

Performance Standards

UNMIK Regulation 2004/49 includes the following waste disposal sector performance standards in section 11 (d):

- Identification and quantification of waste delivered
- Operating hours of landfills and other waste disposal sites
- Site security and housekeeping procedures
- Solid waste quantity measurement (ie waste disposed)

Indicators used in this report?

Technical and Customer Service Standards

The choice of which technical and customer service indicators to use in this report has been determined mainly by the limited availability of data from KLMC for 2006.

Only data relating to solid waste quantity measurement i.e. waste disposed in tonnes are available from the above service standards included in Regulation 2004/49, for 2006. In practice it is very difficult to measure and report the other performance standards.

Financial Indicators

The following indicators are applied:

- Collection rate
- Operating costs per tonne of waste disposed
- Working ratio
- Working coverage ratio

Performance improvement

2005 data are not reported in this report as KLMC was only established in 2006. This data will be used by WWRO as baseline data for reviewing performance by KLMC in 2007

Service Standards

Solid waste quantity is the only service standard listed in UNMIK Regulation 2004/49. WWRO expect to review the schedule of frequency of collection of waste and communal container density in 2007.

Solid waste quantity

82,142 tonnes of waste was disposed to all the landfill sites managed by KLMC in 2006. This amount includes waste from unlicensed private waste collection organisations.

Financial performance

The financial performance of KLMC is summarised in Table 6

Table 6 – KLMC financial performance (2006)

Indicator	Value
Working ratio	1.13
Working coverage ratio	1.02
Revenue collection rate (%)	90%
Unit operating cost (EUR / tonne)	EUR 9.11

WWRO comments:

The nature of the waste disposal business is such that the scope for performance evaluation is limited and can only be achieved through comparisons with other landfill operators. WWRO's activities with respect to waste disposal concentrate on tariff setting and benchmarking where possible.

Annex A - Definitions

Annex A1: Water sector definitions

Cat.	Indicator	Unit of measurement	Definition
Levels of service	Drinking water quality	%	Total number of tests of treated water performed in compliance with standards divided by total number of treated water tests performed
	Average availability of water	Hours per day	The sum of the number customers subject to water interruptions multiplied by the duration of the supply in hours divided by the total number of customers registered
	Service coverage	%	Population with easy access to water services divided by total population in the service area
	Metered consumption	%	Amount in m ³ invoiced based on metering ,relative to the total, i.e. notional plus metered amount invoiced, where 'notional' is the volume of water billed based upon estimates of consumption
	Staff efficiency	Number	Total number of staff per 1000 customers
	Non revenue water (1)	%	Water produced less water invoiced divided by water invoiced
	Non revenue water (2)	Litres per customer per day	Volume of water lost per billing point per day
	Complaints	No	Number of complaints per 1000 customers
Financial indicators	Working ratio	Ratio	Operating income divided by operating costs before depreciation
	Working coverage ratio	Ratio	Cash operating revenues divided by operating costs before depreciation
	Unit operating costs	EUR	Cost to produce one cubic metre of water
	Collection ratio	%	Euro amount collected per period (excluding VAT) divided by euro amount invoiced for that period (excluding VAT)

Annex A2: Waste collection sector definitions

Cat.	Indicator	Unit of measurement	Definition
Levels of service	Service coverage	%	Population with easy access to water services divided by total population in the service area, expressed as a percentage
	Waste collection per employee	Tonnes per month	Amount of waste collected per employee
	Licensed waste disposal	%	Percentage of waste disposed to licensed landfills
	Staff efficiency	No of staff per 1000 customers	Total number of staff per 1000 customers
	Complaints	No	Number of complaints per 1000 customers
Financial indicators	Working ratio	Ratio	Operating income divided by operating costs before depreciation
	Working coverage ratio	Ratio	Cash operating revenues divided by operating costs before depreciation
	Unit operating costs	EUR	Operating cost per tonne of waste collected
	Collection ratio	%	Euro amount collected per period (excluding VAT) divided by euro amount invoiced for that period (excluding VAT)

Annex A3: Waste disposal sector definitions

Cat.	Indicator	Unit of measurement	Definition
LoS	Waste disposed	Tonnes per year	Amount of waste disposed at KLMC licensed landfill sites
Financial indicators	Working ratio	Ratio	Operating income divided by operating costs before depreciation
	Working coverage ratio	Ratio	Cash operating revenues divided by operating costs before depreciation
	Unit operating costs	EUR	Operating cost per tonne of waste disposed
	Collection ratio	%	Euro amount collected per period (excluding VAT) divided by euro amount invoiced for that period (excluding VAT)

Annex B –Overall assessments

B1 - Water supply services

Rationale

The rationale for the overall assessments of the water supply service providers is based upon the summation of the performance of selected KPIs. For this the following rules have been applied:

- The same weightings have been applied to all the KPIs used in the overall assessment
- A score of 1.0 has been allocated to the best performing service provider for each KPI used in the overall assessment and a score of 0.0 has been allocated to the poorest performing service provider. The remaining service providers have then been scored between 0.0 and 1.0 *pro-rata*
- A similar approach to that described above has been taken in this Report to determine the best and worst change in performance by each of the service providers from 2005 to 2006 using the same 5 KPIs. A score of 1.0 has been allocated to the most improved service provider in each category and a score of 0.0 has been allocated to the least improved (or biggest deterioration). The remaining service providers have then been scored between 0.0 and 1.0 *pro-rata*
- Only five KPIs have been used in the overall analysis. These are considered below as indicators which the service providers have considerable control over and which taken together best represent the overall level of service provided by each water service provider:
 - Water quality
 - Continuity
 - Unit cost of per m³ of production
 - NRW (expressed as litres per customer per day)
 - Collection rate

The other KPIs reviewed earlier in the report have not been used in the overall performance assessment for the following reasons:

- They are largely outside the management control of the service providers, i.e. service coverage, working ratio, working coverage ratio
- They are not significant and/or the data are unreliable, e.g. metered consumption percentage, billing percentage, customer complaints per 1000 customers

The performance is already mainly covered by another KPI which is already included in the overall assessment, e.g. staffing efficiency which is already covered by unit cost per m³)

Analysis of 2006 performance

	Service provider	Parameter					Total
		Quality	Continuity	NRW	Unit cost	Coll rate	
1	Radoniqi, (Gjakove)	1.0	1.0	0.5	0.6	1.0	4.1
2	Hidromorava, (Gjilan)	0.8	0.8	0.9	0.0	1.0	3.5
3	Prishtina, (Prishtine)	1.0	0.6	0.7	0.4	0.7	3.4
4	Hidroregjioni Jugor, (Prizren)	0.4	1.0	0.9	0.4	0.6	3.3
5	Hidrodrini, (Peje)	0.2	1.0	0.0	1.0	0.2	2.4
6	Ujesjellesi Regional, (Mitrovice)	0.8	0.0	0.7	0.6	0.0	2.1
7	Bifurkacioni, (Ferizaj)	0.0	0.2	1.0	0.3	0.2	1.7

Analysis of improvement on 2005 performance

	Service provider	Parameter					Total
		Quality	Continuity	NRW	Unit cost	Coll rate	
1	Prishtina, (Prishtine)	1.0	1.0	0.0	0.2	1.0	3.2
2	Hidromorava, (Gjilan)	0.9	0.0	1.0	0.0	0.6	2.5
3	Ujesjellesi Regional, (Mitrovice)	1.0	0.3	0.5	0.2	0.3	2.3
4	Bifurkacioni, (Ferizaj)	0.4	0.2	0.5	1.0	0.0	*2.2
5	Radoniqi, (Gjakove)	1.0	0.1	0.3	0.1	0.3	*1.7
6	Hidrodrini, (Peje)	0.4	0.1	1.0	0.1	0.0	*1.7
7	Hidroregjioni Jugor, (Prizren)	0.0	0.1	1.0	0.2	0.1	1.4

*marginal differences in totals due to rounding

B2 – Waste collection services

Rationale

The rationale for the overall assessments of the water supply service providers is based upon the summation of the performance of selected KPIs. For this the following rules have been applied:

- The same weighting has been applied to all the KPIs included in the overall assessment
- A score of 1.0 has been allocated to the best performing service provider for each KPI used in the overall assessment and a score of 0.0 has been allocated to the poorest performing service provider. The remaining service providers have then been scored between 0.0 and 1.0 *pro-rata*
- Only two KPIs have been used in the overall analysis. These are considered to be indicators which the service providers have considerable control over and which taken together best represent the overall level of service provided by the water service provider:
 - Collection rate
 - Staff efficiency

The other KPIs reviewed earlier in the report have not been used in the overall performance assessment for the following reasons:

- They are largely outside the management control of the service providers, i.e. service coverage, working ratio, working coverage ratio
- They are not significant and/or the data are unreliable, e.g. complaints, waste per employee etc.

Analysis of 2006 performance

	Service provider	Parameter		Total
		Unit cost	Coll rate	
1	Cabrati, Gjakove	0.9	0.9	*1.9
2	Pastertia, Ferizaj	1.0	0.8	1.8
3	Higjiena, Gjilan	0.5	1.0	1.5
4	Eco-Regjioni, Prizren	0.4	1.0	*1.3
5	Ambienti, Peje	0.9	0.4	1.3
6	Pastrimi, Prishtine	0.0	0.9	0.9
7	Uniteti, Mitrovice	0.5	0.0	0.5

*marginal differences in totals due to rounding

Annex C – Key statistics

Annex C1 – Regional Water Service Providers

Data	Seven Regional Water Service Providers							Sector Total
	'Prishtina' (Prishtine)	'Hidroregjioni Jugor' (Prizen)	'Hidrodrini' (Peje)	'Ujesjellesi Regjional' (Mitrovica)	'Radoniqi' (Gjakove)	'Bifurkacioni' (Ferizaj)	'Hidromorava' (Gjilan)	
Total population in the service area	617,500	380,000	258,000	400,000	220,000	200000	107,000	2,182,500
Population served	586,700	191,500	130,871	320,000	160,000	130000	94,500	1,613,571
Number of customers registered	66,874	28,363	30,013	19,082	24,830	13,342	14,852	197,356
Water Production (m3)	45,080,060	14,856,386	31,282,887	16,750,478	19,960,537	4,278,939	6,627,071	138,836,358
Water invoiced (m3)	20,535,219	8,018,752	7,798,579	8,816,785	6,544,182	1,664,569	2,863,785	56,241,871
Customers billed by meter	54,625	23,486	25,104	7,768	22,750	6,568	11,536	151,837
Water metered invoiced (m3)	17257203	7541452	7169197	5632786	5705711.28	987316	2401095	46,694,760
Value of bills (Eur)	€8,209,505	€2,370,800	€2,212,339	€2,102,691	€2,399,410	€744,229	€1,089,107	19,128,081
Value of collections (Eur)	€4,897,462	€1,366,727	€1,073,263	€954,599	€1,580,786	€369,983	€713,761	10,956,581
Operating costs ex. depreciation (Eur)	€4,276,770	€1,538,477	€1,133,411	€1,351,777	€1,653,914	€482,102	€938,362	11,374,812
Number of staff	453	170	203	219	218	99	132	1,494
Av. number of complaints/month	250	33	74	253	42	49	178	N/A

Annex C2 – Regional Waste Collection Service Providers

Data	Seven Regional Waste Collection Service providers							Sector Total
	'Pastrimi'	'Eco-Regioni'	'Ambienti'	'Uniteti'	'Cabрати'	'Pastertia'	'Higiiena'	
Total population in the service area	579,600	480,000	365,000	311,974	151,400	225,000	259,131	2,372,105
Population served	368,273	155,372	160,600	91,648	76,593	75,200	113,711	1,041,397
Number of customers registered	45,019	26,168	12,930	11,287	11,783	16,152	16,295	139,634
Total waste collected	86,000	44,086	18,883	23,616	13,444	23,873	20,519	230,421
Total waste disposed to licenced landfill	2,000	32,819	17,892			17,571	20,519	90,801
Total waste disposed to unlicensed landfill	84,000	11,267	991	23,616	13,444	6,302	0	139,620
Value of bills (Eur)	€3,102,357	€1,445,896	€750,707	€904,735	€636,869	€853,271	€859,113	8,552,948
Value of collections (Eur)	€1,447,872	€806,162	€510,197	€528,820	€435,733	€598,907	€496,305	4,823,996
Operating costs ex. depreciation (Eur)	€1,957,654	€1,103,545	€631,805	€818,396	€495,696	€1,021,092	€1,107,440	7,135,627
Number of employees	430	234	169	183	107	162	141	1426
Number of complaints (avg per month)	10	15	6	8	8		12	N/A

Annex C – Regional Waste Disposal Service Provider (KLMC)

Parameters (2006)	Total
Number of regular clients (nr)	9
Waste disposed (tonnes)	82,142
Billing (EUR)	847,454
Collection (EUR)	760,103
Operating Costs ex. Depreciation (EUR)	748,112
Collection rate (total)	90%

Annex D – Service standards

ABSTRACT FROM

UNMIK REGULATION 2004/49

ON THE ACTIVITIES OF WATER, WASTEWATER AND WASTE SERVICE PROVIDERS

Chapter 4

Service Standards

Section 11

Service Standards

11.1 The standards of service that apply to each Service shall be set out in the rules issued by the Regulator pursuant to Section 38.1(d). Rules for Service Standards shall include the following:

- (a) For the provision of Water Services:
 - i. The quality of water supplied by reference to standards imposed by the competent public health authorities;
 - ii. The water pressure in the pipes;
 - iii. The availability of water within each given period to be considered (average per day, month and/or year);
 - iv. Number of interruptions and/or suspensions of Water Service in any given reference periods taken by the Regulator;
 - v. Response time for the investigations and repair of leakages in the Water Network; and
 - vi. Time to process applications for Water Service and to complete installation of connections to the Water Network.
- (b) For the provision of Wastewater Services:
 - i. Frequency for sewer cleaning;
 - ii. Frequency and time for repair of leakages and flooding in the Wastewater Collection System;
 - iii. Time to process applications for Wastewater Service and to complete installation of connections to the Wastewater Collection System.
- (c) For the provision of Waste Collection Services:
 - i. Schedule and frequency of collection of waste;
 - ii. Communal container density;
 - iii. Waste Collection site housekeeping; and
 - iv. Prevention of flying and loose debris.
- (d) For the provision of Waste Disposal Services:
 - i. Identification and quantification of waste delivered;
 - ii. Operating hours of landfills and other waste disposal facilities;
 - iii. Site security and housekeeping procedures; and
 - iv. Solid Waste quantity measurement.

11.2 Service Standards shall be reviewed by the Regulator in accordance with the rules issued under Section 38.1(d) on each anniversary of the dates such rules were issued or at any other time as specified by the rules or an agreement referred to in Section 11.3.

11.3 The Regulator may enter into a written agreement with a Service Provider amending, supplementing or replacing the rules that apply to Service Standards pursuant to Section 38.1(d) or details of such Service Standards.

Section 12

Compliance with Service Standards

Subject to Section 13, a Service Provider shall comply with the Service Standards that apply to its Services.

Section 13

Exemptions for a Service Provider

13.1 A Service provider may apply to the Regulator to be exempt from a particular Service standard in the form prescribed by the Regulator pursuant to Section 38.1(d).

13.2 The Regulator may exempt in writing a Service Provider from complying with a Service Standard, taking into account the Customers' rights as set forth in the Customers' Charter and subject to conditions that the Regulator deems appropriate upon consultation with the Customers' Consultative Committees.

13.3 Any exemptions granted to a Service Provider pursuant to this Section 13 for a period exceeding one (1) calendar year shall be reviewed by the Regulator on the anniversary of the date such exemption was granted and on each subsequent anniversary of thereafter.

Annex E – Contact details

Annex E1 – Regional water service providers

Company Name	RWC "Pristina"	RWC "Hidrodrini"
Service area	Prishtinë	Pejë
Director's name	Skender Bublaku	Lekë Prenaj
Director's E-mail address	skender.bublaku@kur-prishtina.com	lekprenaj@hotmail.com
Company address	St: Tahir Zajmi p.n Prishtinë 10000	St. E Lirisë n.n Pejë 30000
Office tel. no.	038/540 748 loc.128	039/432 355
Office fax	038/541 437	039/432 694
Contact tel. no	038/541 211 loc. 121&109	039/432 355
Contact E-mail		
Office hours	08.00 - 16.00	07.00 - 15.00
Company Name	RWC "Hidromorava"	RWC "Bifurkacioni"
Service area	Gjilan	Ferizaj
Director's name	Flamur Zeqiri	Faton Frangu
Director's E-mail address	hidromorava@yahoo.com	bifurkacioni@yahoo.com
Company address	St.Brigada e UCK-së. N.n Gjilan 60000	St. Enver Topalli no.42/A Ferizaj 70000
Office tel. no.	0280/325 658	0290/321 119
Office fax	0280/325 658	0290/321 119
Contact tel. no	0280/326 980	0290/320 650
Contact E-mail	hidromorava_klientela@hotmail.com	n_asllani1@hotmail.com
Office hours	08.00-16.00	08.00 - 16.30
Company Name	RWC "HidroregjioniJugor"	RWC "Mitrovica"
Service area	Prizren	Mitrovicë
Director's name	Agim Bytyqi	Abdylhalim Nesimi
Director's E-mail address	cvileni_prizren@hotmail.com	ujesjellesiregjional_mitrovica@hotmail.com
Company address	St. Vatra Shqiptare n.n Prizren 20000	St. Bislim Bajgora n.n Mitrovicë 40000
Office tel. no.	029/244 150	028/520 304
Office fax	029/244 150	028/533 707
Contact tel. no	029/244 260/ 244 150	028/320 304
Contact E-mail	cvileni_prizren@hotmail.com	ujesjellesiregjional_mitrovica@hotmail.com
Office hours	07.00 - 15.00	

Company Name	RWC Hidrosistemi"Radoniqi"	NPH"iberLepenci"
Service area	Gjakovë	Prishtinë
Director's name	Albert Zajmi	Abdullah Nishori
Director's E-mail address	albert_zajmi@yahoo.com	nishori@hotmail.com
Company address	St. UCK No: 07 Gjakovë 50000	Sheshi Bill Clinton no:13 Prishtinë 10000
Office tel. no.	0390/320 503	038/225 006
Office fax	0390/520 997	038/226 159
Contact tel. no	0390/320 503 ext.107	038/225 006
Contact E-mail	manushaqe_lushaj@hotmail.com	
Office hours	07.00 - 15.00	07.00 - 15.30

Annex E2 - Regional waste collection service providers and KLMC

Company Name	Wst.RC "Pastrimi"	Wst.RC "Çabrati"
Service area	Prishtinë	Gjakovë
Director's name	Kadri Retkoceri	Përparim Radoniqi
Director's E-mail address	krm_pastrimi@yahoo.com	krmcabrati@yahoo.com
Company address	Str. Bill Clinton n.n Prishtinë 10000	Str. Mazllom Lakuci p.n Gjakovë 50000
Office tel. no.	038/525 191	0390/321 588
Office fax	038/525 191	0390/321 588
Contact tel. no	038/543 006	0390/324 884
Contact E-mail	analum_28@hotmail.com	krmcabrati@yahoo.com
Office hours	08.00 - 16.00	07:30 - 14:30

Company Name	Wst.RC "Higjiena"	Wst.RC "Ekoregjioni"
Service area	Gjilan	Prizren
Director's name	Xhavit Latifaj	Xhemajli Haxhimustafa
Director's E-mail address	krm_higjiena@yahoo.com	krm_ecoregjioni@yahoo.com
Company address	Str. Adem Jashari no.111 Gjilan 60000	Str.William Woker no.59 Gjakovë 20000
Office tel. no.	0280/324 040/323 040	029/244 753
Office fax	0280/324 040	029/277 753
Contact tel. no	0280/320 040/323 040	029/244 260
Contact E-mail	krm_higjiena@yahoo.com	krm_ecoregjioni@yahoo.com
Office hours	07.00 - 15.00	07.00 - 15.00

Company Name	Wst.RC "Ambienti"	Wst.RC "Uniteti"
Service area	Pejë	Mitrovicë
Director's name	Nexhat Abdullahu	Refki Aliu
Director's E-mail address	krm_ambienti@yahoo.com	krm_uniteti@yahoo.com
Company Address	Str. Fatmir Uka n.n Pejë 30000	Str. Sheshi I Jasharëve n.n Mitrovicë 40000
Office tel. no.	039/434 729	028/ 333 983 / 333 211
Office fax		028/333 211
Contact tel. no	039/434 729/434 457	028/333 983 loc.109
Contact E-mail	krm_ambienti@yahoo.com	krm_uniteti@yahoo.com
Office hours	07.00 - 15.00	10.00-13.00

Company Name	Wst.RC "Pastërtia"	KLMC
Service area	Ferizaj	All
Director's name	Shaqir Ramadani	Agron Bektashi
Director's E-mail address	krm_pastertia@yahoo.com	klmcagronbektashi@gmail.com
Company address	Str. Enver Topall no.44 Ferizaj 70000	Str.Zija Shemsiu no.23 Prishtinë 10000
Office tel. no.	0290/327 501	038/554 552
Office fax	0290/327 501	
Contact tel. no	0290/327 501	038/554 552
Contact E-mail	krm_pastertia@yahoo.com	klmcagronbektashi@gmail.com
Office hours		

Annex E3 – Water and Waste Regulatory Office

Office Name	Water and waste Regulatory office (WWRO)
Director's name	Afrim Lajci
Director's E-mail address	Afrim.lajci@wwro-ks.org
Office address	Bregu I Diellit/ Sunny Hill Rr Ferat Dragaj nr:68 1000 Prstina/Pristine (038) 249 165 101
Office tel. no.	(038) 249 165 101
Office fax	N/A
Customer relations	Sylë Sylja
Customer affairs telephone number	(038) 249 165 113
Contact E-mail	syle.sylja@wwro-ks.org
Office hours	08.00 to 17.00

Annex E4 – Customer consultative committees

Pristina Region

Name	Municipality	Address	Profession	Telephone number
Mehdi Aliu	Lypjan	St."Lidhja e Prizrenit"	Teacher	038/ 582 717
Dhurata Ramadani	Prishtinë	St."Ismail Dumoshi", No:26	Construction Eng.	044/ 248 786
Hamdi Qerimi	Fushë Kosovë	St."Lidhja e Pejës", No:27	Storeman	044/ 299 025
Ismet Avdiu	Fushë Kosovë	St. "Dardania", No:8	Tailor	044/ 258 257
Xhemajl Mulliqi	Podujevë	St."Ali Ajeti" , No:245	Teacher	044/162 213
Arsim Ajvazi	Podujevë	St."Zahir Pajaziti" , No:27	Municipality worker	044/ 123 529
Selman Buçolli	Prishtinë	St."Sunny Hill LL13/1"	Construction Eng.	044/141 303
Ilaz Zeqiri	Lypjan	St."Adem Jashari", No: 01	Biologist	038/582 395
Aziz Morina	Drenas	Village-Poklek i Ri	Teacher	044/ 170 779
Ismet Dugolli	Drenas	Village -Nekoc	Teacher	044/ 269 826
Muhedin Halili	Shtime	St."William Walker"	Civil Reg. Clerk	044/ 410 710
Ejup Ismajli	Shtime	Municipal Assembly	Biological Engineer	044/ 378 552
Kemajl Hashani	Obiliq	St."Daut Hashani"	Machinery Engineer	044/ 161 463
Remzi Shala	Obiliq	Village-Mazgit	Student	038/ 560 165

Peja Region

Name	Municipality	Address	Profession	Telephone number
Elfete Blakaj	Istog	Istog	Chemist	044/ 276 538
Xhelal Radoniqi	Pejë	St. "Rajoni" no:04	Economist	044/ 125 286
Riza Krasniqi	Pejë	St."Kuvendi i Lezhës", no:23	Electro Engineer	044/ 137 743
Ismet Loshaj	Istog	St."Gazmend Zjmi"	Construction Eng	044/ 502 506
Jashar Hulaj	Deçan	Municipal Assembly	Agronomist	044/ 178 679
Gani Cacaj	Deçan	Deçan	Machinery Engineer	039/ 61 350
Ndue Balaj	Klinë	Klinë	Teacher	044/ 238 160
Haki Veselaj	Klinë	Klinë	Teacher	039/71 116

Gjakova Region

Name	Municipality	Address	Profession	Telephone number
Ergjment Berbullushi	Gjakovë	St."Luigj Gurakuqi", No:04	Lawyer	044/ 246 501
Besim Shllaku	Gjakovë	Municipal Assembly	Technologist/Engineer	044/ 237 258
Hamdi Dermalla	Rahovec	St."Sheshi Hamdi Maliqi", No:49	Teacher	044/ 243 122
Avni Hoxha	Rahovec	St;"Xhelal Hajda"	Businessman	044/ 185 746

Prizren Region

Name	Municipality	Address	Profession	Telephone number
Zenel Ahmetaj	Prizren	Village/Korishtë	Official	044/153 295
Riza Krasniqi	Prizren	St."Fehmi Ibrahim", No:11	Teacher	029/631 374
Mehmet Spahiu	Sharr	St."Adem Jashari", No:37	Official	044/ 335 117
Hysen Balxhi	Sharr	St."Dëshmorëve", n.n	Official	044/ 228 781
Sherif Berisha	Therandë	St."Jeronim De Rada", No:09	Technologist/Engineer	044/ 184 449
Ramë Morina	Therandë	St."Xhavit Sylaj"	Engineer	044/ 184 532
Ismet Kafexholli	Malishevë	Village/Balanicë	Agronomist	044/ 204 520
Sinan Kryeziu	Malishevë	Village/Mleçan	Agronomist	044/ 205 043

Ferizaj Region

Name	Municipality	Address	Profession	Telephone number
Osman Cokli	Ferizaj	Village/Babllak	Official	044/ 128 401
Bashkim Ferati	Ferizaj	St."Elbasani" no:05	Economist	0290/ 21 297
Ekrem Dauti	Kaçanik	St."Dardania" no:29	Mechanic	044/ 226 649
Xhelal Dema	Kaçanik	Village/Bobë	Economist	044/ 310 424

Gjilan Region

Name	Municipality	Address	Profession	Telephone number
Azem Ujku	Gjilan	St. Xhevat Ajvazi, II-IV/10	Electro-Engineer	044/ 154 303
Musa Kamberi	Gjilan	Village/Prelepnice	Lawyer	044/ 615 300
Avni Hoda	Kamenice	Municipal Assembly, Kamenica	Chashier	044/ 318 709
Enver Ajvazi	Kamenice	Mun Assembly, Kamenica	Lawyer	044/ 231 488
Ivan Djordjeviç	Novo Brdo	Mun. Assembly, Novo Brdo	Technician	038/ 576 009
Gafurr Mustafa	Novo Brdo	Village/Llabjan	Biologist	044/ 345 227
Njazi Miftari	Viti	St. "2 Korriku"	Lawyer	044/ 194 332
Sami Demelezi	Viti	Village/Sllatinë e, Poshtme	Engineer	044/ 322 865

Mitrovica Region

Name	Municipality	Address	Profession	Telephone number
Fehmi Qaushi	Mitrovicë	St."Xhafer Deva"	Economist	044/147-544
Bilall Hasani	Mitrovicë	St."Ahmet Maloku", no:48	Machinist	044 / 164 -193
Fevzi Drevari	Vushtrri	St."Lidhja e Lezhës", No:35	Lawyer	028 / 70 -671
Azem Azemi	Vushtrri	St."Ganimete Terbesi"	Professor	044 / 273 - 327
Feriz Zeqiri	Skenderaj	Klinë e Poshtme	Pedagogue	044 / 273 - 327
Beqir Mehmeti	Skenderaj	Skenderaj	Biologist	044 / 195 - 366