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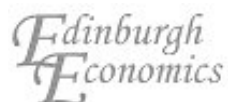
**ECLO PROJECT 2010/235-011
FURTHER INSTITUTIONAL STRENGTHENING SUPPORT PROJECT
EU-WATREG**

**Workshop for Albanian and Kosovo Water Regulators-
Ochrid**

OVERVIEW OF WWRO SUPPORT PROJECT

**By Graham Cleverly
Team leader**

22nd September 2011



Summary of This Presentation

1. Terms of Reference: Overview
2. Our Approach
3. Project Staffing
4. Expected results
5. Asset Management Planning
6. Regulatory Monitoring
7. Support to RWCs on financial and technical issues
8. Support to WWRO
9. Study tours
10. Conclusions



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1. Terms of Reference: Overview 1/2

- **The current TA Project** is funded from EU's **IPA** programme for Kosovo, managed by ECLO and builds on a **similar smaller EAR support project** in 2006-2008
- **Consultants:** **IPA** Energy and Water Economics in consortium with RODECO Consulting GmbH and Edinburgh Economics
- **Three project beneficiaries:**
 - WWRO (main project beneficiary)
 - the seven RWCs
 - MED PMU
- **7 major results expected → 25 “concrete” deliverables**
 - Nearly 50% fully completed and approved, concentrating mainly to date on tariff related deliverables to suit WWRO's 3 year tariff timetable
 - Regulatory calendar, RAG, Tariff model, Regulatory Business plans, Tariff Procedures , Tariff Rules etc
 - Also collection efficiency report etc
 - Remaining deliverables are under development ,many well advanced:
 - AMP, NRW, study tours etc



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1. Terms of Reference: Overview 2/2

- **Timescale:** 2 year project-June 2010 to end May 2012.
 - Timeframe now 2/3 completed.
- **Incidental budget (100,000 euros)** for funding covers:
 - Overseas Study tours
 - No 1: to OFWAT/ DVW
 - No 2: To CC Water
 - Running External/ internal workshops
 - 20 Internal to date
 - 4 external to date
 - Transport costs within Kosovo
 - To support RWCs on financial land technical issues
 - WWRO training (ECDL)
 - Starts October 2011 for 13 WWRO staff
 - Support to SHUKOS for annual *Water day*



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2. Our Approach to Implementing the Project-4 C's

1. **Cooperation**

- Working closely with the 3 main beneficiaries (WWRO, 7 RWCs and MED-PMU) and other donor funded water sector Consultants (ECLO, USAID, KfW, SDO etc)
- Project Office within WWRO's office
- Informal workshops for WWRO/ RWCs (20 to date)

2. **Counter-parting**

- WWRO participate fully in all meetings/ training of RWCs wherever possible
- *Joint* workshops wherever possible
- All Documents in Albanian

3. **Continuity** of core staff

- Same core staff from previous WWRO support project

4. Steering **Committee Meetings** held regularly

- Quarterly to report progress and to maintain full accountability



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3. Project Staffing

- **Continuity: Project Staff already engaged on project with previous water sector / regulation experience in Kosovo/ Albania:**
 - Graham Cleverly (Team leader)
 - Peter Lilley (Accounting expert)
 - Keith Burwell (Regulatory Expert)
 - Gail Warrander (Legal expert)
 - Mike Begley (RAG expert)
 - Albana Vuji (Business planning expert)
 - Vera Muhaxhiri (Financial expert)
 - Tim Westmoreland (AMP expert)



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4. Seven Main Expected Results from Project 1/2

1. **Tariff setting methodology** and procedures refined and new tariffs determined-NOW NEARLY COMPLETED
2. Development of detailed procedures including **Regulatory Accounting Guidelines (RAGs)**-NOW COMPLETED
3. Development of **asset management and investment planning** capabilities in RWCs and WWRO-NOW NEARLY COMPLETED
4. **WWRO regulatory monitoring capability developed**-ONGOING
5. Support to WWRO and RWCs for the **next tariff review in 2012 – 2014**-NOW NEARLY COMPLETED
6. **Support provided to RWCs on various technical and financial issues including business planning, NRW strategies, customer relations**-ONGOING, SOME ACTIVITIES COMPLETED
7. **Support provided for WWRO on data management, information flow, administration and communications, including development of CCCs' roles and responsibilities**-ONGOING



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4. Main Expected Results From Project 2/2

Main purpose of this presentation is to summarise progress on the following project activities/ results:

3. **Develop Asset Management Planning capabilities**
4. **Support to WWRO on regulatory monitoring**
6. **Support to RWCs on various technical and financial issues including business planning, NRW strategies, customer relations**
7. **Support for WWRO on data management information flow, administration and communications, including development of CCCs' roles and responsibilities**

Note Sami Hasani's presentation will cover the various tariff-related activities (1-2, 5) including Regulatory Accounting.



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5. Asset Management Planning 1/1

RESULT 3: Develop Asset Management Planning capabilities

- The RWCs currently have no procedures for AMP and do not undertake this key planning activity as part of their normal activities
- Huge amount of work will be necessary before AMP is a core part of RWC management/ planning
- Project has developed basic written procedures as Guidelines for use by RWCs based on International good practice.
- AMPs will need to be fully developed in time for next tariff review (2015-17) as an integral part of the RWC management/ planning process through major support from donors/ consultants.



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6. Regulatory Monitoring 1/2

RESULT 4: Regulatory Monitoring project activities

- Development of the **WWRO Annual Monitoring Plan**
- -completed in March 2011 and provided framework for 2010 APR
- Support to WWRO 2009 and **2010 Annual performance Reports on RWCs.**

For 2010 Annual Performance Report a new framework was introduced via the Annual Monitoring Plan using a revised set of KPIs which impact directly on customers and compares RWCs in Kosovo with “idealised” RWC using various KPIs and weightings.

- Monitoring Implementation of the RWC **Business Plans**



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6. Regulatory Monitoring 2/2

RESULT 4: Regulatory Monitoring Project Activities (cont)

- **Workshops**
 - Comprised **Workshop No 1** held on 30/09/2010 on 2009 Annual Performance of RWCs and **Workshop No 4** held on 29/07/2011 on 2010 Annual Performance of RWCs
- **Deliverables**
 - WWRO Annual Performance Reports for 2009 and 2010
 - Annual Monitoring Plan with recommendations
 - Unified WWRO database (in progress)



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7. Support to RWCs 1/3

RESULT 6: Support to RWCs

Background

- Many management changes in RWCs since 2008
- Poor strategic direction from some RWC Boards
- Poor relative performance reported for 2009 (and 2010) as shown in WWRO Annual Performance Reports also poor performance wrt tariff targets (NRW, CE, investments through own resources)
- Clear mandate to WWRO from Assembly regarding urgent need for improvements by RWCs e.g. NRW, collection efficiency, unmetered consumption etc
- Regulatory affairs have not been taken seriously enough in the past by the RWCs
- Opportunity to deploy considerable local experts in project team to address RWC problems in depth



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7. Support to RWCs 2/3

RESULT 6 Support to RWCs (financial)

- This activity includes **substantial financial project support for supporting RWC improvements in:**
 - Tariff reporting compliance (profit and cost centres/ asset inventories)
 - Collection efficiency
 - Focus on the four weaker RWCs not receiving support from other donors
 - Regulatory accounting
 - Pilot RA recently completed for RWC Hidrodrini
- **Workshops and one-to-one training**
 - Collection Efficiency (**2011 Q1/ 2011 Q4**)
 - Business Planning (**2010 Q4/2011 Q1**)
 - Regulatory Accounting (**2011 Q1/2**)
- **Deliverables**
 - Reports/ recommendations / Guidelines for above



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7. Support to RWCs 3/3

RESULT 6 Support to RWCs (technical/ operational)

This activity includes **substantial operational project support for supporting RWC improvements in:**

- NRW strategy
- Improving customer relations
- **Workshops**
 - Asset Management Planning-Introduction (planned 2011 Q4)
 - Customer Management Functions (planned 2011 Q4)
 - NRW strategies (planned 2011 Q4/2012 Q1)
- **Deliverables**
 - Reports/ recommendations/ guidelines for above



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8. Support to WWRO 1/5

RESULT 7: Support to WWRO on various administrative and customer-related functions:

- **Data handling and Information Flow**
 - Office administration procedures/ website update
 - Development of OFCR in, line with revised KPIs
 - Unified database for WWRO reporting
- **Public Relations and Consumer Consultation process**
 1. Support to new Customer Consultative Committees (CCCs)
 - Training of new CCC members in roles and responsibilities
 - Written Procedures
 2. Publicity material covering WWRO and CCC activities
 3. Study tour No 2 to UK (2012 Q1)

8. Support to WWRO 2/5

RESULT 7: Project Support not in TOR but requested by WWRO during the Inception Phase:

- **Support to WWRO on developing 2009/ 2010 Annual Performance Reports**
 - Annual Reports
- **Legal issues**
 - Proposals for Revisions to WWRO Law re possible Waste deregulation
- **Ad hoc support to WWRO/ Briefing Papers** including:
 - Unmetered customers
 - Infrastructure development charges
 - Revised Rules (CCCs, service standards)
 - Revised Service Agreement
 - KfW tariff proposals for RWC Pristina

8. Support to WWRO 3/5

RESULT 7: Informal Workshops: for WWRO/RWCs: 20 No to date:

- Introduction to project
- Business planning (x 2)
- Tariff methodology
- Regulatory Accounting Guidelines (x 3)
- BP and tariff Model (X 4)
- Review of RWC tariff submissions
- Unmetered Customers
- Infrastructure development charges
- Misc e.g. report formatting/ AMP to Radoniqi RWC etc



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8. Support to WWRO 4/5

RESULT 7: External Workshops: for WWRO/RWCs:

4 No held to date:

No 1-Review of 2009 RWC Performance (30/06/2010)

No 2-Introduction to the Project (18/11/2010)

No 3-Collection Efficiency (03/03/2011)

No 4-Review of 2010 RWC performance (29/07/2011)

Several more planned:

No 5-AMP (2011 Q4)

No 6-Collection Efficiency No 2 (2011 Q4)

No 7-CCC roles and responsibilities (2012 Q1)



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9. Study Tours 1/2

RESULT 7: Study Tours

- **Study Tour No 1: To OFWAT/ Dee Valley Water company**
 - Programmed for 3rd-8th October 2011
 - Representatives from 3 main beneficiaries (10 total +TL)
 - Meetings arranged with:
 - OFWAT (4/10/2011)
 - Regulatory issues
 - Dee Valley Water Company (5-6/10/2011)
 - Overview
 - Board issues
 - Regulation issues
 - Customer relations issues
 - Leakage issues

9. Study Tours 2/2

RESULT 7-Study Tours

- **Study tour No 2: To a Customer Consultative Body HQ/
Regional Customer Consultative Committee meeting**
 - Under development
 - Will include chairmen of seven regional CCCs plus several WWRO representatives
 - Participants will visit CC Water in Birmingham UK and a regional meeting of the Consumer Committee
 - Planned for 2012 Q1



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10. Conclusions 1/2

A challenging set of project objectives

- Achievement of all the results “**would help transform the Kosovo water sector**”
- Evolution not Revolution
- Good cooperation/ feedback from all 3 beneficiaries so far and water sector Consultants/ WTF
- Financial support activities to RWCs (business planning etc) has proved essential and remains a major project component
- Some Technical activities to RWCs (NRW) started in 2011, others planned (customer management)
- Key issue is to use a combination of International and local experts effectively:
 - 680 man days of KEs (full time team leader and accounting expert)
 - 1136 man days of local NKE experts
 - 665 man days of International NKEs



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10. Conclusions 2/2

- **Project recently reviewed (July 2011) at mid point by ECLO independent body (ROM)**
 - Scores were all As (x1) and Bs (x4)
 - A credit to good cooperation from all beneficiaries (and hard work by all the project team)
- **Project “Concrete” Deliverables (25 total)**
 - Completed/ approved to date: **11/25**
 - Well advanced : **4** (AMP, NRW, study tour No 1, Regulatory BP Guidelines)
 - Not yet started: **10** (audit TOR, customer management, data handling, PR/ CCC support, study tour No 2, WWRO CoP, final report etc)
- **Still lots to do!**
- **My thanks to WWRO counterpart staff and RWC staff for their active participation and support.**



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