



Water Sector Projects in Albania

SECO has been supporting the development of safe, reliable and sustainable water supply and wastewater management services in Albania for over 20 years. In this factsheet, the evolution of SECO's engagement, from single- to multi-city and, more recently, national programmes in the water and sanitation sector is outlined. Integrity management is highlighted as a novel component of water utility support, and the design and use of performance-based financing approaches to trigger change at sector level in Albania is explained. The improvement of water supply and wastewater management helps advance strategic objectives in line with international standards and the United Nations' 2030 Agenda.

Background

The United Nations' Sustainable Development Goal (SDG) #6 is universal access to "safely managed" water and sanitation services by 2030. The government of Albania has launched a *National Sector Strategy for Water Supply and Sewerage Services 2021-2030* to tackle challenges such as low cost coverage and service bills collection rates, high debts and non-revenue water levels, informal connections, obsolete infrastructure and, last but not least, the large number of utilities too small to achieve cost recovery given their limited service area and low tariffs. Despite national and international momentum, in 2020, almost 30% of the Albanian population did not have access to safely managed water services and over half (52%) did not have access to safely managed sanitation, according to the World Health Organisation (WHO) and UNICEF Joint Monitoring Programme. Over the past two decades, SECO has been working in close collaboration with multiple international donors as well as national and local authorities. SECO investments have financed selected hard infrastructure and institutional support for water supply and wastewater management services, in line with the [SECO water sector strategy](#). Substantial improvements in access to services and in the financial performance of utilities were documented in SECO-supported projects.

Programmes

Single- and multi-city Municipal Infrastructure Programmes (MIPs)

The partnership between SECO and the German Development Bank (KfW) to increase access to reliable and affordable water and wastewater services in Albania started with a single-city programme in 2001 and progressively expanded into four successive, multi-city Municipal Infrastructure Programmes (MIP I-IV). The MIP I-IV combined technical and institutional support to improve utility performance with substantial investments in hard infrastructure (e.g. piped networks, water and wastewater treatment plants). Following a performance-based approach, these investments were conditional upon meeting pre-specified targets in terms of cost coverage and setting adequate tariffs at the utility level. In total, the MIP I-IV provided improved water supply and/or wastewater management for an estimated 446,000 people across six secondary cities in Albania.

Country/region

Albania

Executing agency

SECO & partners

Duration

2011-2026

Total budget (estimate including contributions from all partners)

CHF 358'000'000

SECO contribution

CHF 42'000'000

Water Sector Performance and Investment Programme (WPIP)

As a follow-up to the MIP I-IV and building upon political momentum to reform the water sector, SECO, KfW and the European Union designed a larger initiative, the ongoing Water Sector Performance and Investment Programme (WPIP). Through the WPIP, 7 out of the 15 largest utilities in Albania receive extensive corporate development support, with water and wastewater service improvements expected to benefit up to 50% of the urban population in the country. The WPIP also informs the national water sector policy dialogue and provides institutional support to the National Agency for Water, Sewage and Waste Infrastructure (AKUM). SECO-funded programme components enable to scale up improved integrity management in participating utilities (*see highlight below*) and to strengthen stormwater management systems in the city of Lezha, potentially protecting up to 30,000 people from flooding.

Integrity Management

Corruption has been identified as an issue causing substantial losses in global water sector investments. Integrity management is an approach intended to minimise such losses while improving the managerial, operational and financial performance of utilities. In the MIP III/IV, the Water Integrity Network (WIN) and Swiss NGO Cewas piloted an integrity management toolbox for water utilities. This work informed the further development and optimisation of an integrity management approach that has since then been applied by WIN/Cewas in multiple countries. In the WPIP, institutional consultants receive training and support from Cewas for the implementation of integrity management measures in the 7 participating utilities

National Water Supply and Sanitation Sector Modernisation Programme (PROMOUK)

The National Water Supply and Sanitation Sector Modernisation Programme (PROMOUK) is a joint undertaking of the World Bank and SECO that addresses priorities of the national water and wastewater sector strategy. Its primary goal is to strengthen the policy framework and institutional capacity for the promotion and delivery of adequate water and wastewater services. Key components of the programme include strengthening national agencies, supporting the aggregation of utilities into regional entities, and introducing annual performance assessments which are linked to financial support through the World Bank's Programme-for-Results. As part of the PROMOUK, 12,000 households will be connected to water supply networks in underserved areas. Improvements in water and sanitation services are expected to benefit up to 1 million people and 50,000 small and medium enterprises.

Performance-based financing

The programmes described in this factsheet apply performance-based financing approaches. In the MIP and WPIP, participating utilities have to meet predefined and mutually agreed targets (e.g. increase in cost coverage, reduction in non-revenue water) in order to be eligible for financial support through infrastructure investments. In PROMOUK, incentives are defined at national level (e.g. establishment of a certification scheme, number of certified utilities in the country), in close cooperation with competent agencies. The aim is to trigger systemic, sustainable improvements and SECO grants are primarily used to support partners as they work to improve their performance and gain access to funding.

Table 1 Key characteristics of water sector programmes supported by SECO in Albania

	MIP I-IV	WPIP	PROMOUK
Duration	2011-2022	2019-2026	2020-2026
Partners	KfW, ¹ GoA ²	KfW, ¹ EU, ³ GoA ²	World Bank, GoA ²
Total budget	82 million EUR	127 million EUR	142 million USD
SECO contribution	22.3 million CHF	16.7 million CHF	7 million CHF
Beneficiaries (estimate)	446,000 people	600,000 people	1 million people

¹ Kreditanstalt für Wiederaufbau; ² Government of Albania; ³ European Union

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