

POSITION PAPER

Asset Management: The Missing Link in Sustainable Water Investments in the Western Balkans

The Role of International Financial Institutions and Donors in supporting Asset Management Practices in the Water and Sanitation Sector in the Western Balkans region

Why Asset Management Matters?

In the last decades, large-scale efforts have been devoted to improving water and sanitation infrastructure in the Western Balkans. Yet, water service companies often operate with limited access to the planning tools, data systems, and institutional support needed for effective Asset Management (AM). Without effective Asset Management and continued institutional strengthening, there is a real risk that infrastructure performance and sustainability may sharply decline over time, well before key water assets reach their designed lifecycle.

Asset Management transforms donor investments into lasting public value.

Why it matters to donors and International Financing Institutions (IFIs)

- Infrastructure updates call for adjustments in utilities' existing management approaches and information systems.
- AM improves transparency and accountability by making asset data, spending, and performance visible and traceable to all stakeholders.
- By embedding AM in project design, donors safeguard the delivery of their own development objectives over time.

Why this brochure?

This brochure summarizes a longer position paper titled "The Role of International Financial Institutions and Donors in supporting Asset Management Practices in the Water and Sanitation Sector in the Western Balkans region", prepared by IAWD and the D-LeaP AM Hubs with the support of RCDN+.

The full position paper (available on the Danube Library) provides insights from research findings (interviews and desk research) which examined the donors' and IFIs' support on Asset Management in the broader Danube region. It aims to enhance the participation of Local Governance Units (LGUs), Public Utility Companies (PUCs) and Associations of Public Utility Companies (APUCs) in Asset Management initiatives and to garner support from agencies, donors, and IFIs for AM capacity development.



Bridging the gap between capital investment and operational sustainability

In many Western Balkan utilities, much of the water and sanitation infrastructure ages faster than it is renewed. Limited budgets, weak regulatory oversight, and fragmented local governance often make maintenance reactive rather than planned.

Common gaps identified:

- No comprehensive asset inventory or digital mapping systems.
- Maintenance and rehabilitation based on crisis rather than planning.
- Limited financial and managerial mechanisms connecting tariffs, asset depreciation, and investment planning, undermining sustainable infrastructure financing.
- Staff undertrained in lifecycle costing, risk management, and performance monitoring.

These gaps may result in infrastructure failing to deliver its intended benefits over time, diminishing the overall value of the investment.

Asset Inventories: The Foundation of Asset Management

The paper delineates that a reliable asset inventory is the cornerstone of any Asset Management system. It provides a structured overview of all infrastructure components – their location, age, condition, and replacement value – allowing both utilities and regulators to make informed, evidence-based decisions. Without a clear understanding of what assets exist and in what state they are, planning maintenance, renewal, or investment priorities becomes guesswork.

In the Western Balkans, the paper highlights that many utilities still work with partial or outdated asset records, often dispersed across departments or kept in formats that are difficult to access or verify. In some cases, asset information is passed down orally or noted informally in handwritten notebooks maintained by operations staff, which, while reflecting valuable local knowledge, make it difficult to consolidate data for systematic planning and reporting. Establishing standardized, transparent, and regularly updated asset inventories is therefore identified as a critical first step. For regulators, such inventories enable oversight, benchmarking, and more accurate tariff methodologies based on real asset value and depreciation. For utilities, they create the foundation for long-term financial and operational sustainability.

Regulators and sector institutions are encouraged to make the development of comprehensive, standardized asset inventories a policy priority, ensuring that every investment in the region is supported by accurate, accessible, and verifiable information.

Every infrastructure grant or loan should include an Asset Management component, including capacity building, digital tools, and lifecycle planning.

Building Regional Capacity: The Role of Training and Knowledge Networks

Over the past decade, several regional and national actors have taken important steps to strengthen Asset Management capacities in the Western Balkans. Initiatives led by the [Danube Learning Partnership](#) (D-LeaP), the International Association of Water Service Companies in the Danube River Catchment Area (IAWD), national water utility associations, and local government associations, often supported by development partners such as GIZ, SDC, and ADA, have introduced practical AM training modules, tools, and peer learning opportunities.

The position paper contains a systematic review of these programs and notes that they have significantly advanced awareness and understanding of AM principles among utilities and municipalities. Many utilities have developed initial asset registers or AM pilot projects as a result. However, their collective reach still falls short of covering the entire region. Resource constraints, uneven national support, and varying levels of institutional readiness have limited the scale and continuity of training delivery.

To bridge this gap, the paper emphasizes the need for sustained funding, closer coordination among training providers, and stronger integration of AM principles into national regulatory and investment frameworks. Expanding these programs would help translate initial awareness into operational practice, ensuring that knowledge gained through training directly supports long-term infrastructure sustainability.

Donors/International Financing Institutions in the six Western Balkan Countries

This position paper is based on a series of semi-structured interviews with representatives of the main international financial institutions and donors active in water and sanitation infrastructure investment across the Western Balkans.

The interviews and accompanying desk research were conducted by a consultant with over twenty years of professional experience in Asset Management and infrastructure development in

the region. The study provides a unique overview of the actors currently shaping investment in the water sector including their priorities, funding mechanisms, and areas of engagement.

Readers interested in a detailed mapping of these institutions and their ongoing initiatives are invited to consult the full position paper, which outlines the main programs, funding modalities, and cooperation frameworks currently active in the region.

What donors can do:

Donors and international financial institutions have been central to improving water and sanitation services in the Western Balkans, providing vital investment and technical assistance for infrastructure development and institutional strengthening. However, Asset Management has not yet been systematically integrated into most investment programs. Ensuring that future funding also supports the establishment of asset inventories, management systems, and long-term maintenance planning would help safeguard the value and sustainability of these investments.

Key Actions:

- 1. Make AM a funding prerequisite:**
Require utilities to maintain transparent asset inventories and management plans before major infrastructure investments are approved.
- 2. Fund capacity, not just construction:**
Allocate resources for training, mentoring, and institutional strengthening alongside physical works.
- 3. Support AM digitalization:**
Encourage the use of GIS, CMMS, and other tools for data-driven decision-making.
- 4. Champion regional cooperation:**
Support networks such as D-LeaP and RCDN that share best practices and build local expertise.
- 5. Link AM to climate resilience:**
Help utilities plan investments that withstand floods, droughts, and other climate-related stresses.

Approaches, Lessons, and Insights

In addition to mapping key actors, the paper examines the instruments and mechanisms adopted by donors and international financial institutions to support water and sanitation infrastructure development in the Western Balkans.

Drawing on both current initiatives and past experiences, it reflects on lessons learned, best practices, and missed opportunities in promoting sustainable investment and effective infrastructure management. The analysis highlights how the inclusion (or absence) of Asset Management components has influenced the long-term performance and resilience of funded projects.

The full text offers a deeper exploration of these findings and provides insight into how future donor and IFI programs can better align financial support with sustainable infrastructure governance.

Infrastructure is only as strong as the organizations that manage it.

Call to Action: Recommendations for Donors and IFIs



The Right Money, on the Right Asset, at the Right Time!

Asset Management as a development multiplier

Every euro invested in developing AM capacities reduces future rehabilitation costs, enhances service reliability, and extends the life of existing assets.

Donors and IFIs can accelerate this shift by rewarding good practice, integrating AM indicators into results frameworks and financing performance-based improvements.

The winning trio:

- Strategic investment: spend smarter, not just more.
- Skilled people: trained staff ensure systems that last
- Forward-looking management: plan maintenance before failure.

We urge international donors and financial institutions to recognize the pivotal role of Asset Management in shaping the future of water services in the Western Balkans. Through commitment and support, we can create a more resilient and sustainable water sector for generations to come.

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