

POSITION PAPER

Why Asset Management Matters for Regulators

The Role of National Regulative Authorities in the Western Balkans region in supporting Asset Management Practices in the Water and Sanitation Sector

Effective water and sanitation services rely on infrastructure that is managed strategically, transparently, and sustainably. Across the Western Balkans, much of this infrastructure is aging faster than it is renewed. Regulators play a key role in ensuring that utilities plan for the full lifecycle of their assets: protecting service quality, public health, and long-term investment value.

By embedding Asset Management (AM) principles into regulatory frameworks, regulators can strengthen sector performance, promote accountability, and create the conditions for sustainable service delivery.

- AM provides regulators with a structured basis for performance monitoring and tariff decisions.
- Data-driven regulation enhances transparency and efficiency.
- Lifecycle-based planning helps ensure that infrastructure investments deliver their full social and environmental value.
- AM helps regulators identify systemic risks early, improving sector resilience and protecting service continuity.

Why this Position Paper?

This brochure summarizes a longer position paper titled “The Role of National Regulative Authorities in the Western Balkans region in supporting Asset Management Practices in the Water and Sanitation Sector”, 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 role of regulators in supporting Asset Management for water service companies in the 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 national regulators for AM capacity development.



Closing the implementation gap

While most Western Balkan countries have legal provisions for service quality and investment planning, AM is not yet systematically integrated into regulatory frameworks.

When it comes to maintenance and renewal of key assets, this leaves utilities in a reactive position, rather than in a proactive, forward-looking and strategic one.

Current situation:

- No standardized asset registers across most utilities.
- Limited regulatory mandates linking service quality to asset condition.
- Fragmented oversight: multiple ministries and weak local governance.
- Inadequate enforcement capacity to monitor utility performance.

This position paper advocates for regulators in the Western Balkans to adopt legislation that mandates water utilities to establish comprehensive asset management procedures.

By prioritizing AM, the region can enhance service reliability, improve water quality, promote sustainability, and ensure the efficient use of resources.

Many water utilities are struggling to provide adequate services, leading to interruptions, health risks, and environmental degradation. Additionally, climate change is projected to exacerbate water scarcity and pollution, further stressing the existing systems. Comprehensive asset management offers a strategic solution to these challenges by ensuring that utilities can effectively plan, operate, and maintain their water assets.

Asset management in the context of water utilities involves the systematic process of maintaining, upgrading, and operating physical assets, such as pipes, treatment plants, and reservoirs, to deliver sustainable services.

Without mandatory AM frameworks, regulators lack insights into the true state of water infrastructure, and utilities operate in uncertainty.

Stakeholder mapping



The position paper includes a structured mapping of organisations active in Asset Management across the Western Balkans, including water utility associations, local government associations, regional networks, and development partners. This mapping was developed through a combination of desk research and targeted interviews, with particular attention to how these stakeholders collaborate with or support national regulatory authorities in the countries where such bodies exist.

The aim is to provide a clearer picture of the current landscape, the roles of different actors, and the points where regulatory frameworks, capacity development initiatives, and infrastructure investment intersect.

What regulators can do: Building the regulatory foundation for sustainable utilities

Regulators can drive a transformation in the water sector by embedding AM principles into the legal and institutional framework.

Key Actions:

- 1. Mandate Asset Management Plans (AMPs):**
Require every licensed utility to develop and regularly update an AMP, supported by asset data and lifecycle costing.
- 2. Create standardized reporting templates:**
Ensure utilities report asset condition, maintenance spending, and renewal rates consistently.
- 3. Integrate AM into tariff methodologies:**
Link tariffs to realistic asset depreciation, maintenance costs, and reinvestment plans.
- 4. Promote training and capacity development:**
Work with associations and hubs (IAWD, NALAS, D-LeaP) to ensure regulators and utilities share a common AM language.

The importance of Asset Management

The water and sanitation sector is crucial for the sustainable development of the Western Balkan region. With rapid urbanization, climate change, and an increasing demand for water resources, effective asset management strategies are essential for maintaining public health, protecting the environment, and optimizing resource use.

Well-designed regulatory frameworks play a pivotal role in supporting utilities towards stronger performance and a more responsible infrastructure management.



Photo by Fabian Olivo via Unsplash

Call to Action: Recommendations for Regulators



Empower!



Elevate!



Ensure!

The Vision Ahead

A regulatory culture that values longevity and efficiency

Effective regulation makes water services more resilient, predictable, and accountable. With proper AM integration, regulators ensure that the sector transitions from short-term fixes to long-term sustainability.

Outcomes of strong AM regulation:

- Enhanced service reliability and consumer confidence.
- Reduced non-revenue water and operational inefficiencies.
- Transparent, evidence-based tariff setting.
- Greater investor and donor confidence in the sector.

Three pillars of effective regulation:

- **Data:** know what assets exist and in what condition.
- **Accountability:** require and review asset-based performance.
- **Continuity:** ensure funds are reinvested to sustain service quality.

Final Call to Action:

From compliance to stewardship

- Embed Asset Management in regulation.
- Empower utilities to plan, maintain, and renew infrastructure sustainably.
- Build the foundation for resilient, EU-ready water services in the Western Balkans.

We strongly encourage regulators in the Western Balkans nations to prioritize the creation and execution of asset management frameworks. This will ensure that the region's water and sanitation sector is adequately prepared to handle both current and future demands, drawing on the extensive knowledge and expertise that IAWD has accumulated over the past decade.

Photo by Jonas Kernwein