



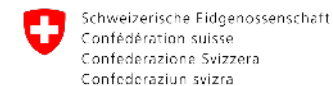
PROJECT "REGIONAL CAPACITY DEVELOPMENT NETWORK FOR WATER AND SANITATION SERVICES (RCDN)"

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Danube Water Conference 2021 | [VIRTUAL 20/10/2021](#)

Impact of Covid-19 on LGUs and PUCs in the Western Balkan region

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Background info

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Context

GIZ Open Regional Fund for Modernisation of Municipal Services in SEE (ORF MMS) obtained additional funds from the German Federal Ministry for Economic Cooperation and development (BMZ) **for rapid Covid-19 measures** to support Local Government Units (LGUs) and Public Utility Companies (PUCs).

Water and Sanitation Services (WSS) Sector is in the focus of BMZ response to the Covid-19 pandemics.

RCDN was used to facilitate their implementation.

Several **measures** were implemented in the period September, 2020 - March, 2021:

- (i) Distribution of packages with the most urgent supplies of protective equipment to selected 122 PUCs through RCDN associations;
- (ii) Implementation of D-LeaP WSP and Standard Operating Procedures (SOPs) by ADKOM and SHUKALB;
- (iii) Development of e-conference management system in ADKOM and PUC Kumanovo;
- (iv) **Preparation of 3 surveys on the responses to Covid-19 focused on WSS sector.**

3 Surveys on the Covid-19 responses in WSS sector

Survey#1 on lessons learned and good practices on the **responses by LGUs and PUCs in delivery of WSS services during Covid-19**; Target group: LGUs and PUCs; Distribution through RCDN associations.

Survey#2 on lessons learned and good practices on the **support provided by other stakeholders** (ministries, IFIs/ donors, Regulator, associations, etc.) **to LGUs and PUCs** in delivery of WSS services during Covid-19; Target group: RCDN associations.

Survey#3 on **financial impact of Covid-19 crisis on LGUs and PUCs** in delivery of WSS services; Target group: selected LGUs and PUCs; Distribution through RCDN associations.

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Basis for the Surveys

Core problem: LGUs and PUCs must ensure continuity of their service provision in order to guarantee enough hygiene standards for citizens even in times of crisis.

The Covid-19 pandemic imposed "**Crisis Management**" as a priority topic.

Opportunities to:

- Change the **perception of WSS and PUCs** and return it in a positive sense in the public focus.
- Achieve **greater appreciation of WSS** and the efforts of PUCs and LGUs.
- **Strengthen the PUCs and thus create resilience** to such and similar situations in the future.
- Introduce **new services and make important strategic decisions**.
- Collect and share the new Covid-19 related **experiences, lessons learned and good practices** of the responses of the LGUs and their PUCs + their **horizontal collaboration** + **vertical collaboration** with the national authorities and donor community.
- Create **emerging body of practice in the field of crisis management** to be shared further within the RCDN.

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Surveys' findings

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Survey#1

Provision and quality of services

- LGUs and PUCs had to introduce new activities/services not envisaged initially in the annual work plans.
- Opportunity for LGUs and PUCs to solve many problems and issues that have been long overdue (e.g. digitalisation, sustainable energy, circular economy measures, green solutions, etc.).

Human resources and staff management

- PUCs were put in a situation to provide more services with less equipment, resources and fewer people.
- Less than 10% of employees of LGs/PUCs worked from home.
- Benefits for employees provided: safety and protection equipment, formal and informal support.

Crisis management

- Pandemic imposed "Crisis Management" as a priority topic.
- Most LGUs and PUCs established a local crisis management team/headquarters.



Survey#1

Cooperation and support

- Strong PUC can only exist if there is substantial and committed support from the LGU and vice versa.
- Majority of LGUs relied on the support of the central government, IFIs / Donors and other stakeholders to receive timely and adequate guidance, technical assistance or resources.
- APUCs and LGAs are a strong support to their members in terms of CD, exchange of experiences and best practices in combating the pandemic, articulating their needs, lobbying and advocacy.

Communication with the public

- Education and literacy are essential in the process of managing a health crisis. The pandemics made people more aware of the role of public institutions in their lives.
- Society mostly demanded information on the health and prevention measures implemented regionally and locally (e.g. drinking water's safety).
- Appreciation and public image of the communal services increased.



Survey#2

COVID-19 response measures in target economies

- Swift and adequate support measures from the government and the relevant institutions are essential.
- Central governments have reallocated public funding trying to either respond or manage through the crisis.
- LGUs and PUCs requested financial assistance in the form of tax exemptions, regular reimbursement and/or reduction of VAT, payment of salaries and social security contributions for the staff, etc.
- Assistance also from the relevant regulatory authorities for adjusting tariffs for water consumption.
- LGUs and PUCs have introduced various payment relief and support policies to vulnerable groups.

Funding and supporting response & recovery efforts

- Donor community in the Western Balkans active worked closely with APUCs and LGAs.
- IFIs and donors supported PUCs and LGs through peer networks, providing CD, facilitating the exchange of experiences and good practices, and delivering the essential equipment and supplies to support the WSS sector.
- APUCs and LGAs cooperated actively with IFIs and donors who requested their specialised support, expertise, and services to consult and implement various support measures and funding programmes.



Survey#2

Providing targeted support to respond and manage the crisis

- Support to the subnational level needs to focus on how services are delivered and not just on what is being delivered.
- Both APUCs and LGAs provided substantial support to their members throughout the unprecedented crisis.

Analysing impact and helping to shape support and recovery measures

- The majority of the RCDN Associations have financed and conducted surveys, targeted research, and analysis to better understand the impact of the crisis at the local and national level.
- Some of the RCDN Associations supported the IFIs and donors to conduct wider research and analytical activities to better understand the pandemic effects on LGUs and PUCs.



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Survey#3

Revenues - Net financial effects of COVID-19

- Most of surveyed PUCs have experienced or were expecting to experience revenue losses.
- Many of the surveyed managers of the PUCs were yet uncertain of the financial impact of the crisis, but they are clearly aware of the revenue losses accumulated in 2020 compared to the pre-crisis period in 2019.

Expenses - Changes to utility operations and costs

- Influence on a PUC depends on several factors such as its location, customer composition (number and profile), organisational structure, financial health, as well as the PUC's response and overall management through the crisis.
- Majority of PUCs reported a rather low increase (between 5-10%) in the amount of costs related to the implemented additional activities.
- Some potential impacts to operational costs of PUCs were outlined: staff, PPEs, digitalisation, remote service provision, deferral policies, bad debts, etc.



Survey#3

Other financial impacts, mitigating financial losses and available assistance

- The pandemic increased the number of unpaid or delayed bills by customers in the period Jan.-Dec. 2020 in relation to the same period in 2019.
- PUCs assisted the customers in various ways, backed-up by national institutions: suspension of all shut-offs and late payment fees, extensions to payment deadlines, flexible payment plans, level/fixed payment plans, etc. incl. financial support and stimulus to customers of vulnerable groups.
- PUCs have very few tools available to mitigate potential financial losses during COVID-19.
- In the short-term, PUCs can rely on their reserves to compensate the reported revenue losses and increased incremental expenditures resulting from the additional activities and services linked with the response to the crisis.

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Key Takeaways

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Survey#1 Takeaways

Local practitioners and decision-makers should be equipped with the necessary skills and knowledge to develop strategies to cope with a potential future crisis.

APUCs and LGAs as well as their regional networks have a critical role to play by offering customised CD measures.

Digital transformation strategies and action plans for LGUs and PUCs should be developed.

Activating special funds and recovery programmes subsidies for LGUs with limited financial capacities.

LGUs and PUCs should be involved through their LGAs and APUCs in the process of **planning and developing both local and national recovery strategies**.

Action plans should be developed and adopted to allow for **quickly switching to remote working** to improve the resilience to future crisis.

Public and private sector innovation can make a significant contribution to the immediate and short-term response and resilience by engaging LGUs and PUCs in more research and cooperation projects.

Community engagement and direct participation in the processes is essential.

Preparing **comprehensive risk management strategies and plans, especially in the WSS**, including detailed risk assessment, existing infrastructure and equipment screening, communication, vulnerability assessment, critical services identification, training and rehearsals, etc. is essential.

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Survey#2 Takeaways

PUCs and LGUs, in cooperation with their associations, national authorities, and other stakeholders, are consulting local actors, developing capacities and preparing strategies to ensure “the day after”.

While most of the governments and institutions in the WB economies are managing through the new waves of the pandemic, **LGUs and PUCs alike are working around the clock** to continue the uninterrupted provision of essential services to their communities.

APUCs and LGAs played an important role to complement responses to COVID-19 support policies and mechanisms on the national and sub-national levels.

Their priorities and operations for long-term success are clustered into several categories (i.e. **the 4 Rs**), representing potential areas for **Response** and **Recovery**, covering the most important factors to ensure **Resilience**, and assisting LGUs and PUCs in the region’s **Reshaping**.

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Survey#3 Takeaways

Long-term financial impacts were still largely “terra incognita” for both experts and managerial staff of PUCs.

Urgent support for coping with the short-term financial shortages and deficiencies.

- => Financial support from the central government and the relevant institutions.
- => Reliefs of fees and updating tariffs.
- => Introducing support mechanisms to cope with the increased inability of different categories of customers to pay their communal service bills.
- => Facilitating administrative burden.

Short-term recovery strategies and activities.

- => Identify and track crisis-related costs/expenses.
- => Addressing the increased payment difficulty among customers.
- => Fostering online payments and trustworthy customers.
- => Work with LGUs proactively to communicate post-pandemic statistics.

Mid-term and long-term recovery strategies

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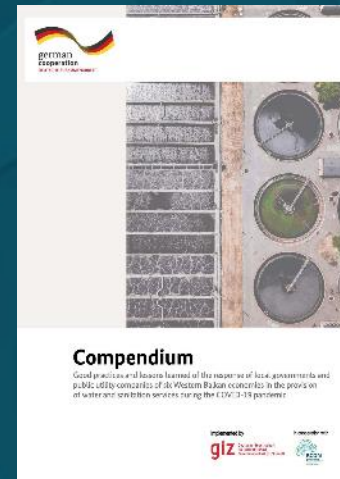


BIG THANKS GOES TO STAFF OF RCDN ASSOCIATIONS FOR THE SUPPORT!!!

Thank you for your attention!

Q&A

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