



Concept Note
for the
Nexus Consultation Meeting in Albania

To be held online, on 14 December 2020

In the framework of the project

“Promoting the Sustainable Management of Natural Resources in Southeastern Europe, through the use of the Nexus approach”

*funded by the Austrian Development Agency (ADA),
the operational unit of Austrian Development Cooperation*

implemented by the Global Water Partnership-Mediterranean (GWP-Med)
in partnership with the United Nations Economic Commission for Europe (UNECE)

Background: The Nexus Approach and its relevance for Albania

Sustainable development requires, among others, growing levels of food- energy- and water-services, supported by healthy ecosystems. Traditionally, management and investment planning in the respective sectors has been dealt with in relative isolation, with separate strategies, priorities, infrastructure and regulatory and institutional frameworks to address sector-specific challenges and demands.

During the past decade, it is being increasingly recognized that in a traditional fragmented approach, attempting to achieve the security in one of these sectors independently, without addressing trade-offs with the other sectors may compromise their sustainability and security as well as the integrity of ecosystems.

The overall security of resources can be improved by co-optimizing different sectors' objectives through an integrated Water-Energy-Food-Ecosystems "Nexus" approach that aims at reconciling the potentially conflicting interests of the different sectors as they compete for the same scarce resources, while capturing existing opportunities and exploring emerging ones. Under such an approach, interlinkages, synergies and trade-offs among the relevant sectors are assessed, with the aim of identifying solutions, fostering water-food-energy security and efficiency, and reducing impacts and risks on water-dependent ecosystems.

The application of a Nexus approach can lead to multiple and cross-sectoral benefits including:

- i. Economic benefits, such as increased efficiencies in the consumption of resources and use of infrastructure, reduced costs from coordinated planning, resilience in the face of climate change, reduced risks and associated costs from floods and droughts, greater value added in the agriculture and tourism sectors, optimized trade and innovation etc.
- ii. Social and environmental benefits, such as the promotion of the Sustainable Development Agenda 2030, improved public health, employment creation, improved water and sanitation services, improved conservation and recovery of ecosystems and habitats.
- iii. Regional cooperation and geopolitical benefits, such as enhanced cooperation in the management of shared resources, including the adoption of new cross-border agreements, common regulations and protocols, development of regional markets for goods, services and labour and increased cross-border investments

Natural resources are increasingly under pressure in **Albania**, and the most strategic sectors of the economy directly rely on their availability and good quality. Notably, Albania's economy is deeply tied to water and land resources. The country relies almost entirely on **hydropower** for electricity generation, which is highly dependent on water availability and also vulnerable to climate change. At the same time, **agriculture** is both a key employer (it constitutes up to 40% of total employment) and an important social buffer for the Albanian economy. In this context, the country is a net importer of energy and food and its dependency on these imports could increase as energy demand increases and as agricultural areas are more and more under pressure.

Biomass in the form of wood remains one of the most utilized energy sources in Albania today, principally for heating, but it is mostly used in an unsustainable and inefficient way. Wood logging, often unauthorized, led to a widespread problem of forest degradation, with an estimated 20% of forest areas having been lost

in the past 25 years, which led the Government to impose a 10-years moratorium on logging in 2016 (with exceptions for fire wood for local populations).

When it comes to **environmental protection**, Albania is advancing with the development of appropriate legislation, in line with transposing the EU Acquis. At the same time, the country is still missing a well-defined and cross-cutting policy framework for environmental protection.

In the **water services** sector, utilities face significant infrastructural and financial challenges. Notably, almost 2/3 of drinking water consumed is non-revenue. The issue of financial sustainability of utilities makes it difficult to invest in a much-needed infrastructural modernization and to implement wastewater treatment, which has so far largely relied on support from international donors. Central and local authorities are covering the financial deficit that via subsidies, often 30% of the operational costs.

Albania has been taking steps regarding the integration of decision- and policy-making relevant to the Nexus sectors.

At the institutional level: The National Water Council (NWC) is the central executive inter-ministerial body responsible for integrated water resources planning and management. The NWC has the key role in approving interregional and national plans and projects in the field of agriculture, urban planning, industrial and territorial development regarding water conservation and management. The NWC is headed by the Prime Minister/Deputy Prime Minister and is composed by the Ministers of Tourism and Environment, Agriculture and Rural Development, Infrastructure and Energy, Finance and Economy, Interiors, and Health and Social Protection.

The Integrated Planning System (IPS) was reorganized in 2018, bringing cross-sectorial perspective and reshaping the institutional representation: a) Integrated Policy Management Groups (IPMGs) for cooperation at high management level for a cross-sectoral approach, b) Sector Steering Committees (SSCs), for cooperation at the management level, within sectors of particular importance for inter-institutional reform and coordination, c) Thematic Groups (TGs), for interaction on the technical level and with the development partners, within the specific sectors of the relevant priority area.

The established structures relevant to water management are:

- 1) IPMG - "Integrated Water Management" whose functions are performed by the National Water Council with WRMA as technical secretariat and the TGs:
 - a) "Water Resources", with AMBU as technical secretariat,
 - b) "Reforms in the water supply and sewerage sector", headed by the Ministry of Infrastructure and Energy
- 2) SSC "Interconnection", headed by the Minister of Infrastructure and Energy
- 3) SSC "Environment, Climate and Waste Management" headed by the Minister of Tourism and Environment.

At the policy level: Albania's Integrated Water Resources Management (IWRM) Strategy acknowledges the need to reconcile various sectoral uses for water, and the draft National Sectoral Program on Water aligns its objectives to responsibilities and budgets of different sectors. However, the two documents do not necessarily fully capture synergies with the perspectives of each sector and there exists a need for bridging

this gap through enhanced understanding of the complex and dynamic relationship between water, energy, food/land use and ecosystems, and improved coordination on policy and management aspects.

The Strategy is structured around four main pillars: (i) Water for humans, (ii) Water for food, (iv) Water for Environment and (v) Water for industry and energy. In accordance with the vision of Albanian Government for water management, the main objective of the strategy is to establish the proper institutional, legal and economic frameworks that are important taking into consideration the EU acquis for water and environment.

The SEE Nexus Project and its activities in Albania

The “SEE Nexus Project” (full title: “*Promoting the Sustainable Management of Natural Resources in South East Europe, through the use of Nexus approach*”) is supported by the Austrian Development Agency (ADA), and implemented by Global Water Partnership – Mediterranean (GWP-Med) in partnership with the UN Economic Commission for Europe (UNECE). It was designed to serve the Nexus-related objectives of the SEE2020 Regional Growth Strategy developed under the Regional Cooperation Council (RCC).

In this context, the Project’s purpose is to introduce the Nexus approach and catalyse action for its adoption and implementation in the Region’s Economies (Albania, Bosnia and Herzegovina, North Macedonia, Kosovo*¹, Montenegro and Serbia), at the national and transboundary basin levels. Doing so, the Project will also enable the *identification* of priority Nexus-related issues to be addressed in the geographical areas that its activities focus on, and enable understanding conditions for financing actions to address four of these issues.

Under Component 2 of the Project, Nexus Dialogue Processes are being implemented in the transboundary basins of the Drin and Drina rivers, and in Albania. Each of these 3 Dialogue Processes is structured around Consultation Meetings involving a broad range of stakeholders, and the development of analytical technical Nexus Assessments, as per the methodology developed in the framework of the UNECE Water Convention. The findings of the Dialogue Processes and the Assessments will feed and guide the development of respective Nexus Roadmaps. On 4 priority interventions to be identified in the context of the Policy Dialogues, respective Concept Notes / Project Documents will be developed, also exploring financing options by development partners or financing institutions².

In the case of Albania, given its significant water resources and the critical role that water has in the country’s food and energy security, the water sector is the selected entry point for applying a Nexus. The National Nexus Assessment aims to identify trade-offs and synergies across the Nexus sectors, including among others in relation to gaps in terms of institutional settings, policy integration and data management, in order to achieve a higher degree of inter-sectoral coherence in the implementation of the National Sectoral Programme on Water, while identifying concrete priority opportunities for joint, coordinated action that generate cross-sectoral benefits.

¹ This designation is without prejudice to positions on status, and is in line with UN Security Council Resolution 1244 and the ICJ Opinion on the Kosovo declaration of independence.

² One such priority intervention will be directly relevant to Albania, while one or two further interventions in the Drin basin will also be of relevance to Albania.

National Nexus Consultation Meeting: Scope and objectives

The meeting, organised by GWP-Med, will be held online using the Zoom platform, due to the implications of the COVID-19 pandemic.

The event will gather a broad range of stakeholders, representatives of institutions and authorities from the water, energy, agriculture, and environmental fields, as well as of civil society, research & academia, the private sector, and international organisations.

Given the limited timeframe of the meeting, an online opinion-based questionnaire will be sent out to participants ahead of the meeting, to facilitate the gathering of views and perspectives, feeding into the proceedings of the meeting and also allowing for an indicative assessment of sectoral insights and how they compare among them.

The overall aim of the Meeting is firstly to increase awareness among stakeholders on the Nexus approach and its benefits, and primarily to inform the preparation of the Nexus Assessment. Active participation helps to ensure that the Nexus Assessment addresses key issues and that fruitful cross-sector synergy opportunities are identified. In that regard, the Meeting will:

- i. facilitate discussion and sharing of perspectives, priorities and up-to-date policy related information from each of the Nexus sectors, regarding inter-sectoral linkages/benefits/trade-offs as well as any existing barriers, conflicts or gaps for addressing them
- ii. give direction for the prioritization of identified interlinkages
- iii. discuss concrete steps for enhancing cross-sectoral integration and cooperation at institutional, policy and management levels, potentially feeding into a “Nexus Roadmap” for Albania
- iv. discuss identification, financing and implementing Nexus solutions

The meeting will be held online hosted in the Zoom platform. Participants will receive connection guidelines ahead of the meeting.

Simultaneous interpretation will be available between English and Albanian.