



Evaluation method for investments in the water sector, forward looking financial strategies and water pricing.

MEIF

ROMANIA

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Evaluation methods for investment - ROUMANIA

● Institutional particularisms


- ⇒ A new Ministry of Water Management (2004) and Apele Romane in charge of water resources management.
- ⇒ Counties (41) finance and manage the Water Systems (DW and WW).
- ⇒ Decree 32/2002 reinforced the juridical frames to delegate water services to private sectors with a national authority for regulation.
- ⇒ Some concessions contracts in Bucarest, Constantza, Ploiesti, Cluj.

● Methods of evaluation (2 found)

- ⇒ Evaluation of investments needs in some medium and big cities. (DW and WW) with ratio usings for investmentscosts (expert advices).
- ⇒ National statistical approaches (mentioned by ATV).

Drinking water	+
Waste water	+
Storm water	-
Other	-

● Typology of methods and characteristics

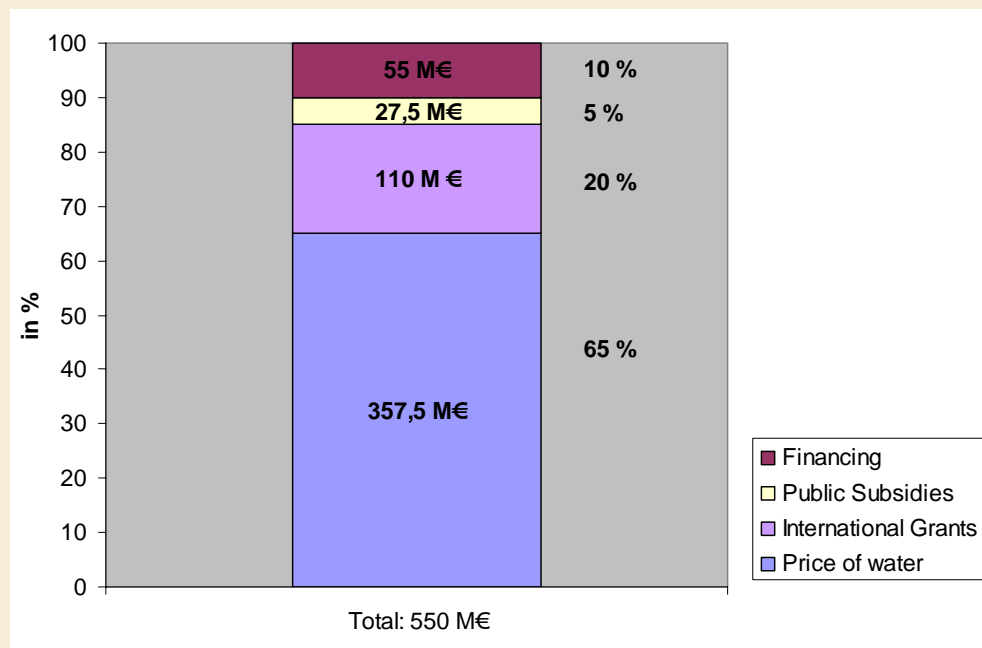
Approaches Δ	Main ones		
Top down : + ?	<ul style="list-style-type: none"> ▪ Aggregation and extrapolation of results issued from Water Systems planning and water supply from some cities ▪ Macroscopic national approach based on statistics 	Ways of doing	?
Radiant : -		Practices	+/-
Bottom up : -		Methods	+/-

Forward looking financial strategies

Romania

Facts

- Total = 550 m€ (2002)
- 22 m inhabitants
- Decent level of cost recovery for operating charges
- Financing mostly limited to IFIs funds, generally through ISPA projects
- Reliance on ISPA funds (international grants)



- ⇒ **Financial strategy** : Towards a higher level of cost recovery (new regulator) together with a higher level of international grants. Specific program (SAMTID) for smaller towns
- ⇒ **Financial attractiveness** : Limited attractiveness but positive institutional and regulatory changes.

Water pricing

Romania

- Underlying principles of water pricing
 - ↳ The price is set by the service operator, in conjunction with national authorities
 - ↳ It covers operation costs
 - ↳ Social policy, in particular in rural areas
- The tariff system
 - ↳ One component set at national level, one at river basin level
 - ↳ 100% of population is metered
- Prospective trends
 - ↳ 51% of households connected to public systems (11% in rural areas)
 - ↳ Strong economic constraints but prices are expected to rise, specially for wastewater