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Contribution by Romania

to the CSTD 2022-2023 priority theme on “Ensuring safe water and sanitation for
all: a solution by science, technology and innovation”

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1. *What are the concrete challenges that your country has encountered in managing water and sanitation and providing access for all to these services?*

The rate of connection of the population to water services is 72.4%, and for sewerage services it is 57.4%, being the lowest among the EU countries - for both drinking water and sewerage. The differences between urban and rural areas in Romania are huge: while larger municipalities are approaching compliance with EU standards, smaller communities (especially in rural areas) are lagging considerably.

In conclusion, the main concerns and challenges of our country in this area are the increase of the population's access to these services and the observance of the compliance deadlines assumed.

In the framework of a technical assistance project coordinated by the EBRD, the total cost for compliance with the requirements of the EU directives on drinking water quality and urban waste water treatment was calculated about 22.2 billion euros, of which an amount of 9 billion euros in the supply of drinking water and 13.2 billion euros in the collection and treatment of urban waste water. To these are added the costs for the infrastructure built in the last 20 years (replacements, rehabilitations, etc.) of 2.3 billion euros, leading to a total investment need of 24.5 billion euros.

2. *What projects/policies has implemented your country to use above-mentioned technologies and innovation or other STI to address these challenges ? What are the main outcomes ? What are the main difficulties confronted while trying to implement these projects/policies ?*

Water supply and sewerage services are part of the field of public services of general interest, their providing following the observance of the fundamental principles and objectives defined in the Green Paper of the European Commission and having the following main peculiarities: they have an economic and social character, they meet some requirements and needs of public interest and utility, they have a technical-urban character, have a permanent character and a continuous functioning regime, are established, organized and coordinated by the local public administration authorities and are organized on economic and efficiency principles.

The water supply and sewerage services sector has undergone major transformations in recent years, both from a technical and organisational point of view. The investment programs carried out in Romania, namely: ISPA, POSM 2007-2013 and POIM 2014-2020, highlight the importance of public water supply and sewerage services in terms of the health status of the population and its standard of living. The European Union (EU) considers the water sector to be a strategic sector at the level of all Member States, necessary for economic and social development, and provides,

through the continuation of the cohesion policy, the foundation for the development of this area.

In 2008 , a unitary legislative framework was established for community services in general and for water supply and sewerage services, in particular, regarding the establishment, organization and functioning of the regional operators, operators capable, both from a technical and financial point of view, to implement investment programs, by accessing European funds.

The regionalization process led to the expansion of the water supply and sewerage service in rural areas as well, resulting in a 16.7% increase in the population with access to water supply services compared to 2010 when this process was completed and of 13.7% for sewerage services.

Although the regionalization process was a success, being invested in the water and sewerage sector about 7 billion Euros, the need for investments to increase the access level of the population and to increase the degree of compliance in the this field is beyond the current possibilities and the investment capacity is also limited, especially in the current context.

3. Can your country provide examples of policies/projects/initiatives aimed at strengthening national STI capabilities in managing water and sanitation for ensuring their acces for all population in your contry ? One example in what institutional and regulatory arrangements are in place to stimulate R&D and innovation in managing water and sanitation for access by all.

By amending the legislative framework of the water supply and sewerage service in 2021, it was imposed the transition in the sector to a new economic regulation based on business plans that would be applicable to all operators who provide this service.

Thus, the adjustment of prices and tariffs in the water and wastewater sector will be approved by the competent regulatory authority (ANRSC) based on the tariff strategies related to the business plans.

The strategic aspects regarding the development of water supply and sewerage services contained in the business plan are at least the following:

- the mission and vision assumed for the period of the business plan;
- the strategic objectives of exploitation;
- the strategic objectives of development and investment;
- the strategic objectives regarding the achievement of the compliance targets in the national legislation transposing the European directives on drinking water and wastewater;

Furthermore, the investment plans proposed by the operator impose asset efficiency, energy efficiency and personnel efficiency measures. By applying these

criteria, sources from operators' budgets can be mobilised for the development of the sector.

The economic regulation of services based on business plans, applies for a regulatory period of 5 years (there may also be certain derogations, with the specification that this regulatory period cannot be less than 3 years). Prices are calculated on the basis of allowed revenues and forecast demand. Pricing is usually associated with a formal business plan for the regulatory period, in which the operator forecasts its OPEX (operating expenses), CAPEX (investments), new assets, future costs that may arise due to new activities or the operation of new assets and others. By this method, A.N.R.S.C. establishes the maximum allowable price for regulated services for the related time interval.

4. Can you share case studies of regional and international cooperation that have helped your country in strengthening STI capacities? Can you provide success story in this regard?

➤ Between 2018 and 2019, ANRSC benefited from a partnership with the Water Industry Commission for Scotland (the economic regulator of the water field in Scotland, within the project funded by the European Union's Service for Supporting Structural Reforms to strengthen the economic regulatory framework of the water and sewerage sector in Romania.

WICS and ANRSC worked with three regional operators in Romania: The Someş Water Company, ApaVital and Acet Suceava to implement a robust information framework that can be the basis for an efficient long-term regulation.

The project had three components:

1. Component A - awareness of the benefits of economic regulation and a robust information framework.
2. Component B1 - Understanding the systematised and consistent information framework This component involved support to the three regional operators (B1.1(a), B1.1(b) and B1.1(c)), support to ANRSC staff (B1.1) and an analysis of the information and comments provided.
3. Component B2 - An analysis of the Basin Planning approach and how it could be strengthened.

As a result of these activities, strategic aspects facing by the water and sewerage sector in Romania were highlighted and WICS proposed coherent and constructive solutions to strengthen this sector. This project was the starting point for the new economic regulation presented earlier.

➤ Also, ANRSC has been a member of the Association of European Regulators in the Water and Wastewater Sector (WAREG) since 2014.

The objectives of this association are :

- informing and providing analyses/comparisons of existing models for regulating the water sector the level of water/sewerage services, organizing specialised training, assistance;
- promoting best practices to ensure the stability of regulations issued for water services;
- promoting cooperation in order to analyze the sustainability of infrastructure investments, to increase the quality of services provided but also to guarantee consumer protection;
- networking with European institutions, relevant regional and international organizations and with national institutions that place special emphasis on regulating problems in the field of water supply services at European level.