

# Implementing environmental costs for financing projects : lessons learned from Romanian experience

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# Environmental costs related to the water resources

- Implemented through the economic mechanism in the water sector
- Consist of contributions, tariffs , bonuses and penalties
- Established by law and updated with inflation by Governmental Decision
- Implemented by National Administration “Romanian Waters” at the national level
- Revenues used for financing operation, maintenance and modernization of the National Water Management System

# Environmental costs at the municipal level

- Established and approved by the local authorities
- Implemented by municipal water utilities
- Consist of water and wastewater tariffs and penalties
- Tariffs and penalties are paid by all connected users
- Revenues are used for financing operation and maintenance costs and partly for development and modernization

# Environmental costs established in the River Basin Management Plans (1)

- According with art. 9 of WFD environmental costs are approximated through the assessment of the costs of measures mainly aimed to protect aquatic environment according with the existing legal standards (environmental)
- Cost the measures, particularly those related to the human agglomerations and industry, represents economic costs, as a result of specific water use which finally will be internalized/compensated by different financial and economic instruments (e.g. tariffs for sewerage and waste water treatment)
- Costs of the specific activities concerning qualitative and quantitative water management are covered by contributions, are internalized as financial costs in the final price of water.

# Environmental costs established in the River Basin Management Plans (2)

- Environmental costs are counted based on the investments and measures needed to reach WFD objectives
- They are not mainly included in the water price or water contribution (only 2.5%)
- Environmental costs included in the water price are more a role of incentives
- Partly these costs will be supported from the EU Funds

# Environmental costs for water in Romania

- For human agglomeration      -15 billions Euro
- For industry                              -1,5 billions Euro
- For agriculture                              -1,5 billions Euro

# Projects implemented by the Water Utility

- Rehabilitation of Water Purification Plant for Bucharest
- Improving laboratory capacity for Aquatim Timisoara
- Co-financing the treatment facilities for urban waste water in Iasi
- Improving the metering in localities – Cluj
- Reduction the water losses in the distribution networks

# Projects implemented by the National Administration “Romanian Waters”

- Improving the monitoring capacity
- Cofinancing modernization of the Hydrological Monitoring System
- Rehabilitation of the wetlands (in Prut-Barlad River Basin)
- Cofinancing improvement of the decision system for water allocation at the national level (WATMAN project)

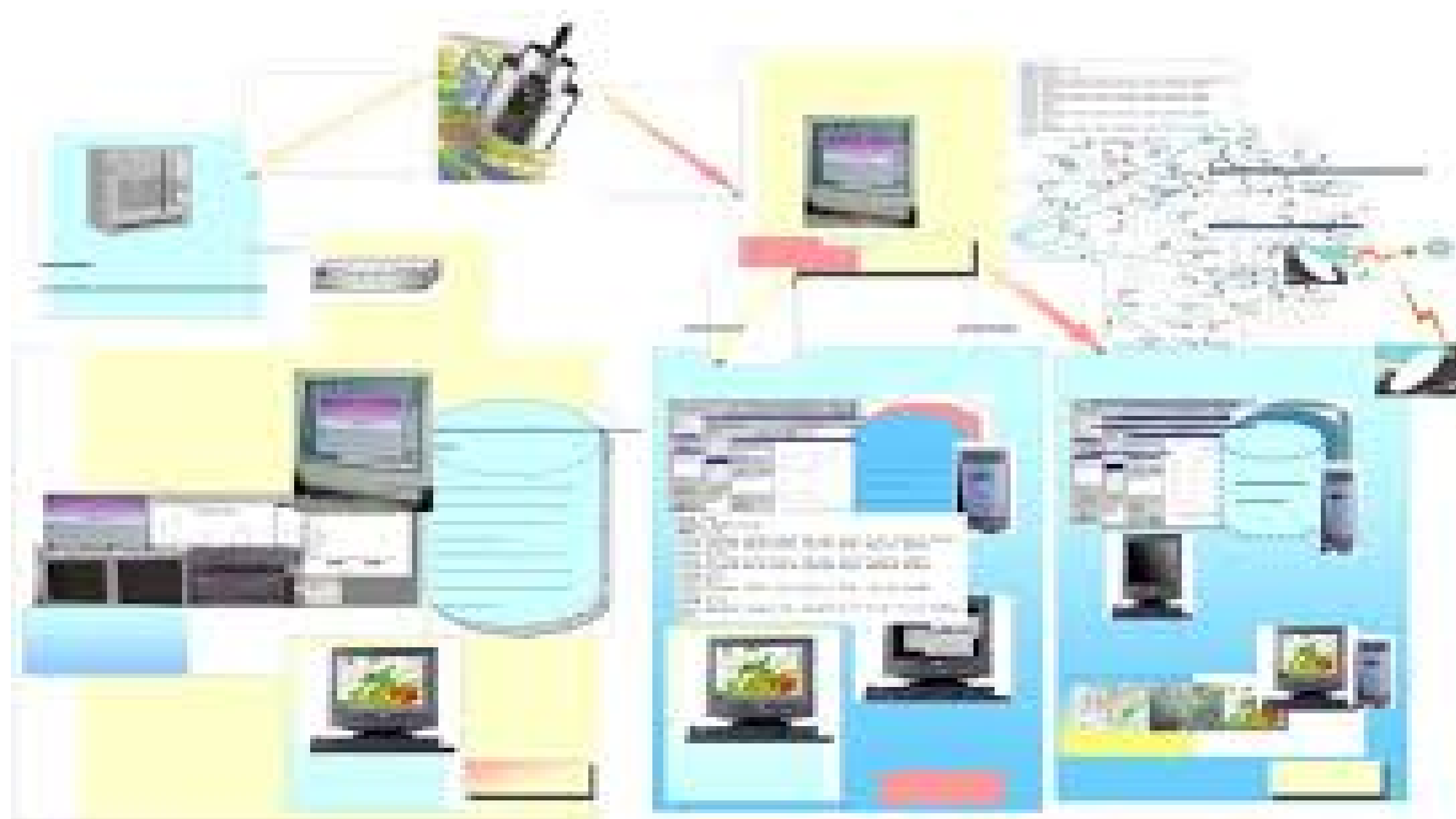




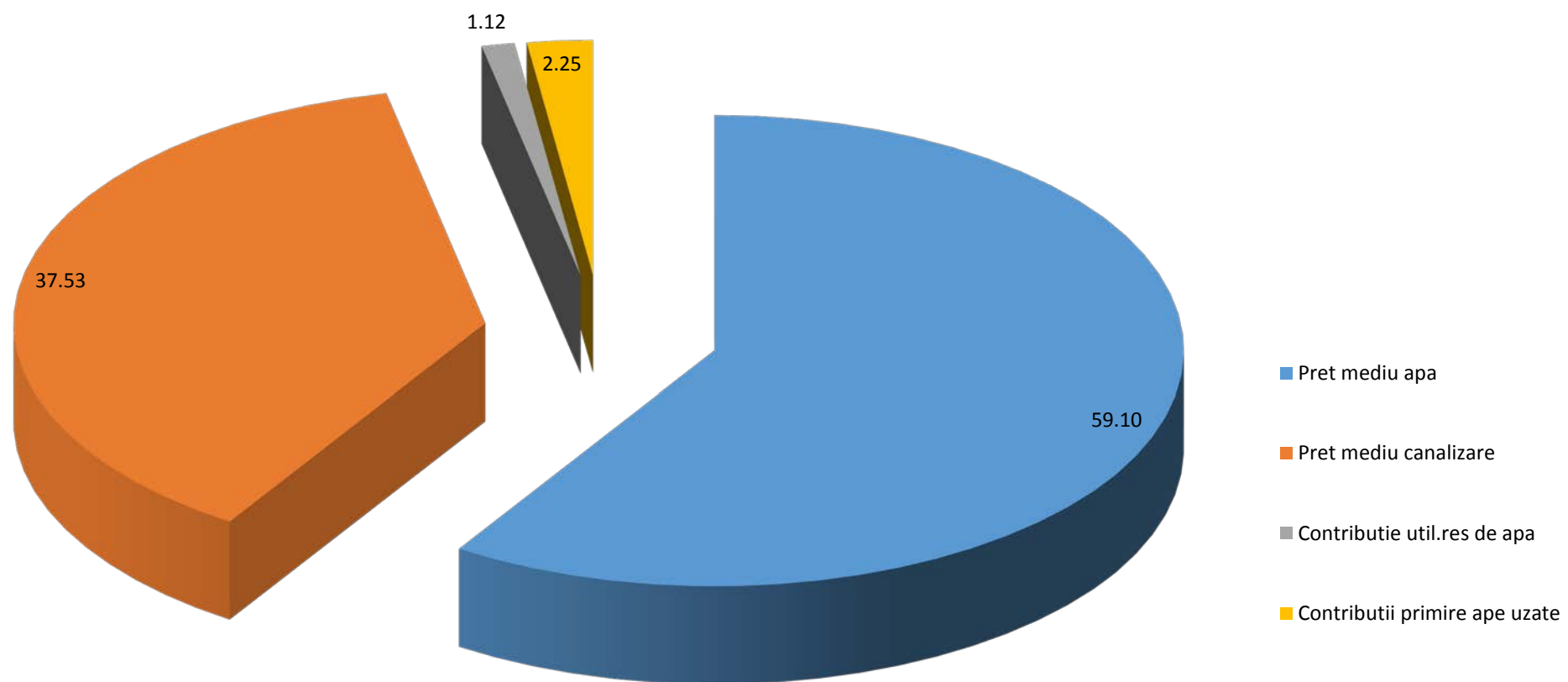
New Drinking Water Plant for Bucharest



Improvement of the water monitoring system  
for National Administration Romanian Water



## Weight of water use and waste water contribution in the final price of urban water



# Issue to be further explored

- Reassess the environmental cost in water price (including drinking water and waste water)
- Assess, establish and internalize the environmental costs for diffuse pollution and hydromorphological alteration
- Reassess the environmental cost of water for irrigation
- Promote a system of social protection in order to improve affordability
- Balance supply and demand
- Implement the bonuses as an incentive for reaching good water status



Thank you for your attention!