Water Services in the Danube Region
A preliminary State of the Sector

Milankovitch Anniversary UNESCO Symposium
September 2014, Belgrade
The Big picture
Sustainable Services for All?

- EU Accession / Integration
- Fiscal Constraints
- Depopulation, growing mobility
- Stagnating Employment
- Demand for better services
- Access to Information

Sector policies, institutions and governance
Utilities and Service Providers
Infrastructure
External Drivers
Economic Pressure

Source: World Bank 2013
Climate pressure

Source: ICPDR 2013
Demographic pressure

Source: own elaboration from UN ESA data
Population satisfaction pressure

% satisfied with service received

Source: Gallup 2011
Infrastructure

Access to Services
High levels of access to services

Source: Joint Monitoring Program
Significant lag on WW treatment

Source: ICPDR
Public Service bias?

Example from Ukraine

Source: derived from HH survey
Quality of service bias?

Example from Albania

Source: derived from HH survey
Ethnicity Bias?

Example from Romania

Source: derived from HH survey
Affordability?

Example from Croatia

Source: own elaboration
Access: Mission accomplished?

On the surface...
* High coverage (water, sanitation)
* Significant investments flows (EU and others)

But if we scratch:
* Significant inequalities (urban / rural; poverty level; ethnicity)
* Differences in service levels
* Affordability constraints?

Story to be continued...
Access: And in Serbia?

- High level of access to water and sanitation services
- Sewerage and particularly Wastewater Treatment lagging significantly behind (EU context!)
- Affordability could become a challenge

- Limited data for further analysis...
Utilities
Improvements and convergence...

Source: derived from IB-Net/DANUBIS data
But not everywhere...

Source: derived from IB-Net/DANUBIS data, WB 2014
And not for everyone

Source: derived from IB-Net/DANUBIS data
Utilities: efficiency and quality agenda

Overall
* Apparent overall improvement of performance
* Convergence towards better practices
* Metering widely adopted

But…
* Significant national / regional differences
* Non Revenue Water a growing problem (better data?)
* Cost recovery challenges

Comprehensive, quality data essential for further analysis
Utilities: and in Serbia?

* Performance somewhat higher than regional average...
* but far short of good practices...
* stagnating...
* and with significant variations...

Again, comprehensive, quality data essential for further analysis
Policies and institutions
A framework for sector performance

- Market
- Consolidation
- Independent
- Regulation

Some Reform Options

Utility governance
Market Consolidation
Independent Regulation

Performance of utility
- efficiency
- tariffs
- service quality...

Political factors

Local political economy

Policy factors

Utility governance

Size

Sector governance

External factors

Poverty level
Country
Bigger is better vs. Small is Beautiful
Market Consolidation

Utility size (inh served)
What does the data say?

**Hours of supply**

**Labor productivity**

**Cost recovery**
Regulation, 10 years back
Regulation, 5 years back
Regulation, today
Policies: trends and fads?

Overall

* Trends towards regulation, market consolidation
* Size matters (?)…
* But not governance, regulation (?) etc.
* Financing, a missed opportunity?

But...

* Reform dogma?
* Country-level messages might differ – **no one size fits all**
Policies: and in Serbia?

- **EU accession negotiations** - Chapter 27 (incl. WSS) traditionally one of the most expensive
  - WW collection and treatment
  - Drinking Water quality

- **Likely pressures:**
  - On sector leadership (→ sector governance?)
  - On investment absorption and management capacity (→ market structure?) market structure? Utility governance)
  - On costs (→ tariffs regulation? performance monitoring?)
What does the Danube Water Program offer?
The Program:

- **The Program:**
  - Supports policy dialogue and capacity development...
  - in the Water Supply and Sanitation Sector...
  - in eleven countries of the Danube Region (Western Balkans, Romania, Bulgaria, Moldova and Ukraine)

- **Implementation:**
  - Jointly implemented by the World Bank and IAWD
  - Run by a join program team based in Vienna

- **Financing:**
  - Seed financing 4.5M € from the Austrian Government, 2.1M € from others
  - Close coordination with many other actors (WB, EU, ORF/GIZ, SDC, KfW etc.)

[www.danube-water-program.org](http://www.danube-water-program.org)
Serbia: Analytical and Advisory work

* State of the Sector
  * Review of sector performance (service coverage, utilities) and enabling environment
  * Regional comparison
  * Expected early 2015 for validation

* More under discussion (EU integration, utility governance)
Serbia: Capacity Development

* **Pillar I Policy Support**
  * Regional exchanges on EU integration, aggregation of Utilities
  * Concrete policy discussions with Water Directorate and other actors

* **Pillar III Benchmarking**
  * 2 utilities participating in regional utility benchmarking
  * Support to national benchmarking efforts

* **Pillar IV Asset Management**
  * Led by Belgrade Waterworks, 3 Serbian utilities participating

* **Pillar V Efficiency Improvement**
  * Support to 9 Serbian utilities on Energy Efficiency, association involved

* **And more**
  * DVGW standards translation, utility association in South Serbia...
Serbia: Knowledge Sharing Platform

- Excellent participation in Regional events
  - 2014 Danube Water Conference
  - Various events and trainings

- Leadership with a number of activities
  - Involvement in IAWD
  - Asset Management, Energy Efficiency and Benchmarking hubs
Thank you

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