

DRAFT DECREES ON WATER PRICING IN SERBIA

A BRIEF CONTEXT

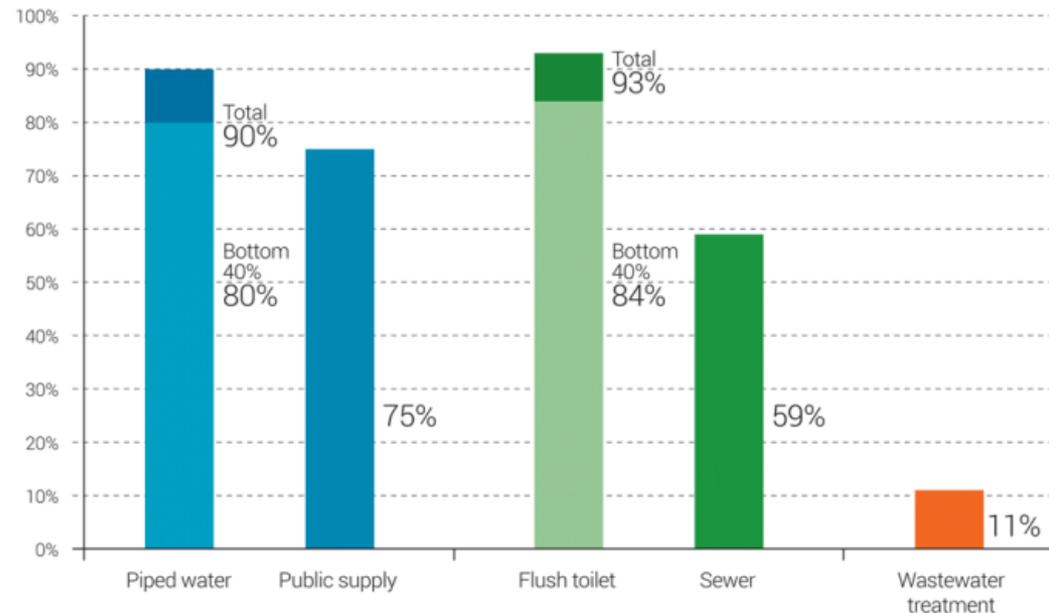
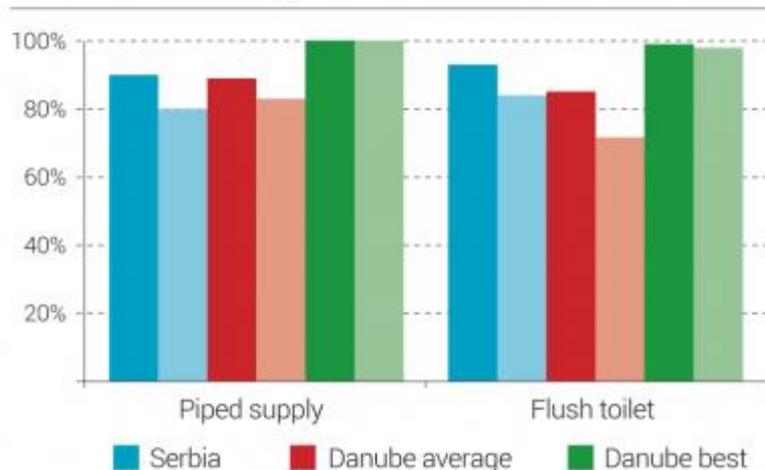
WATER DIRECTORATE WORKSHOP
BELGRADE, SEPTEMBER 5, 2016

ACCESS TO EU- COMPLIANT WSS SERVICES

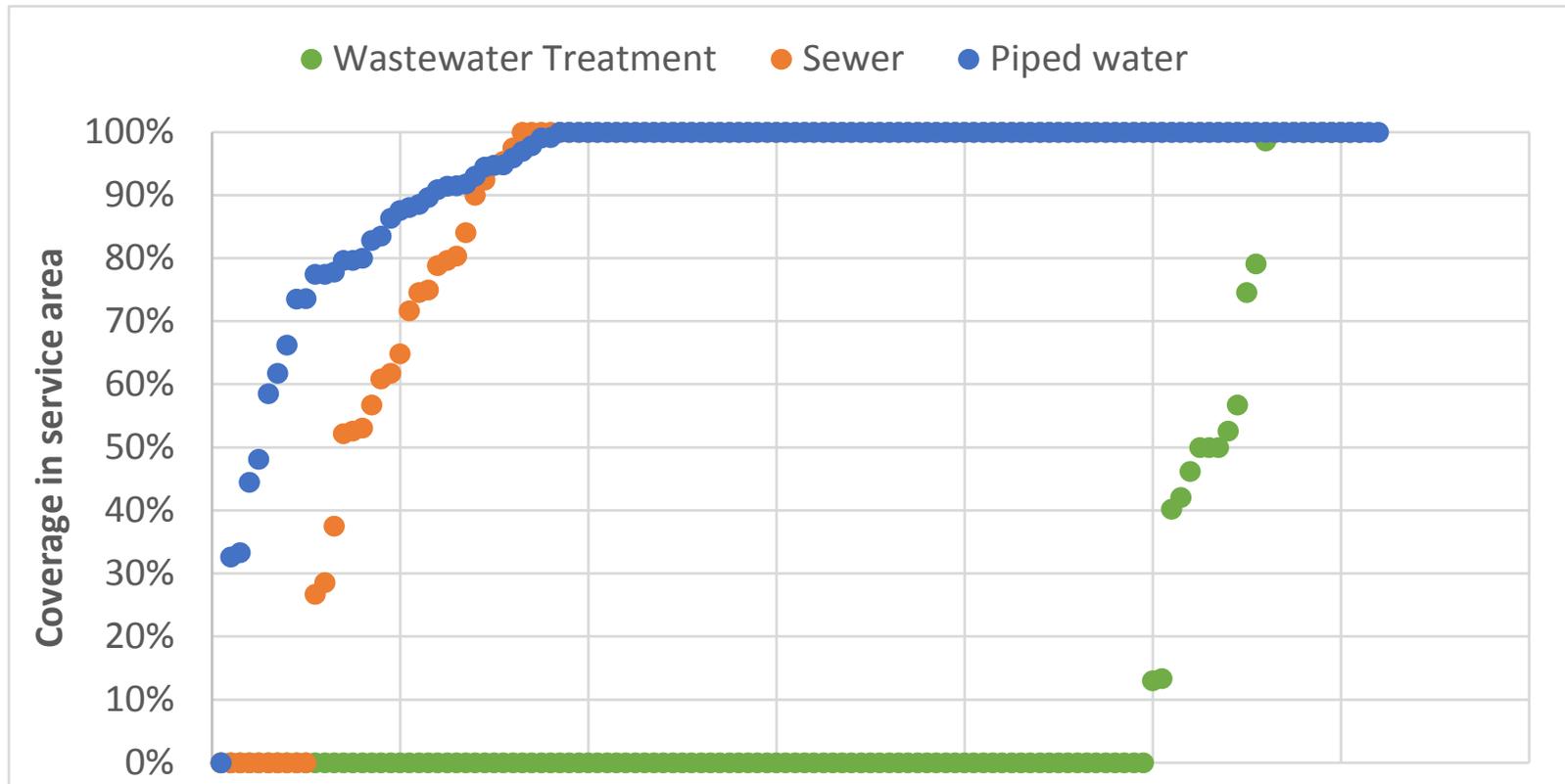
GAP TO EU COMPLIANCE

- ▶ Drinking water high but quality an issue
- ▶ Sewer collection on the way
- ▶ Significant gaps in wastewater treatment

Access to services:
average and bottom 40%

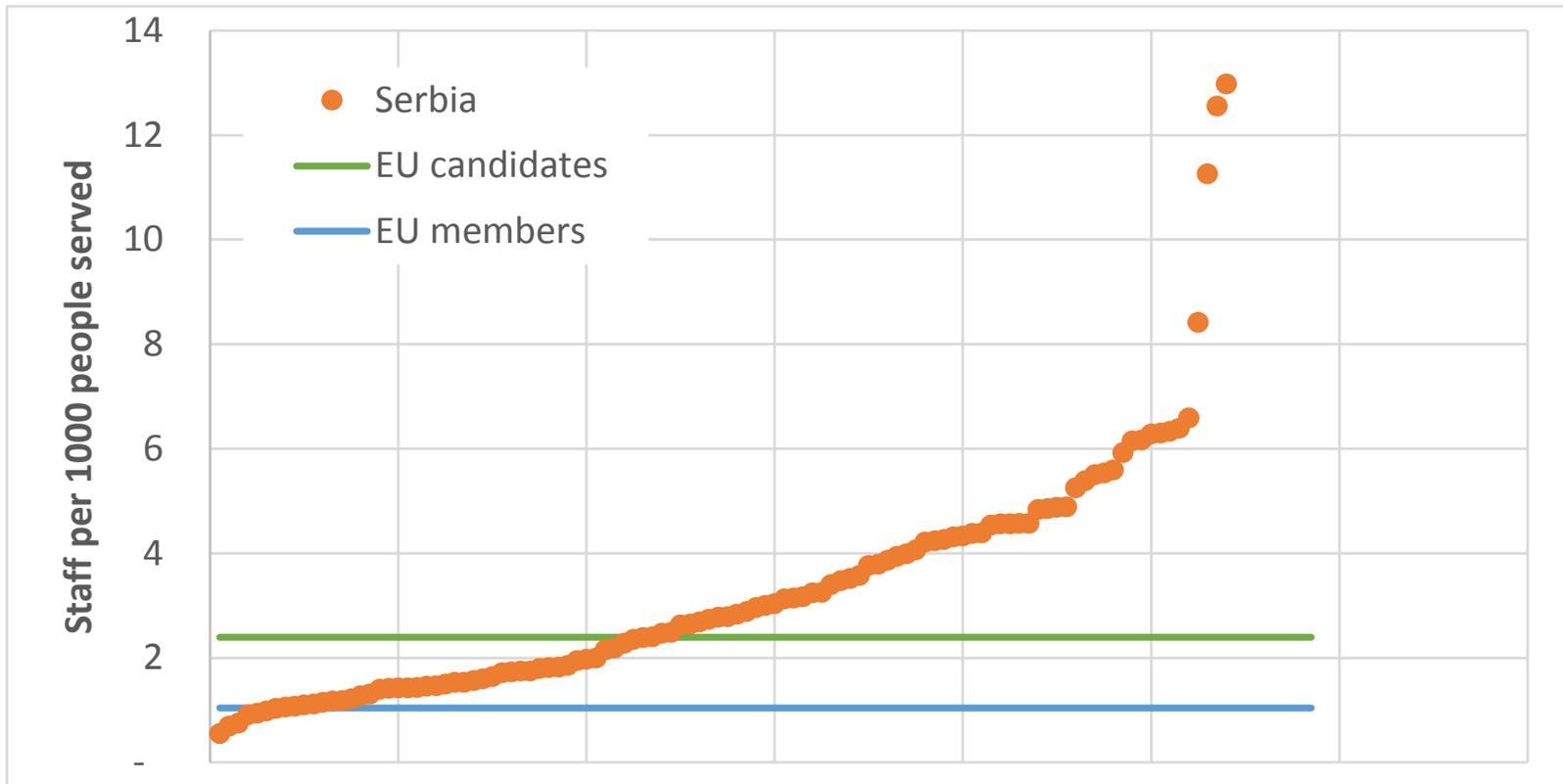


AND VARIATIONS WITHIN SERBIA

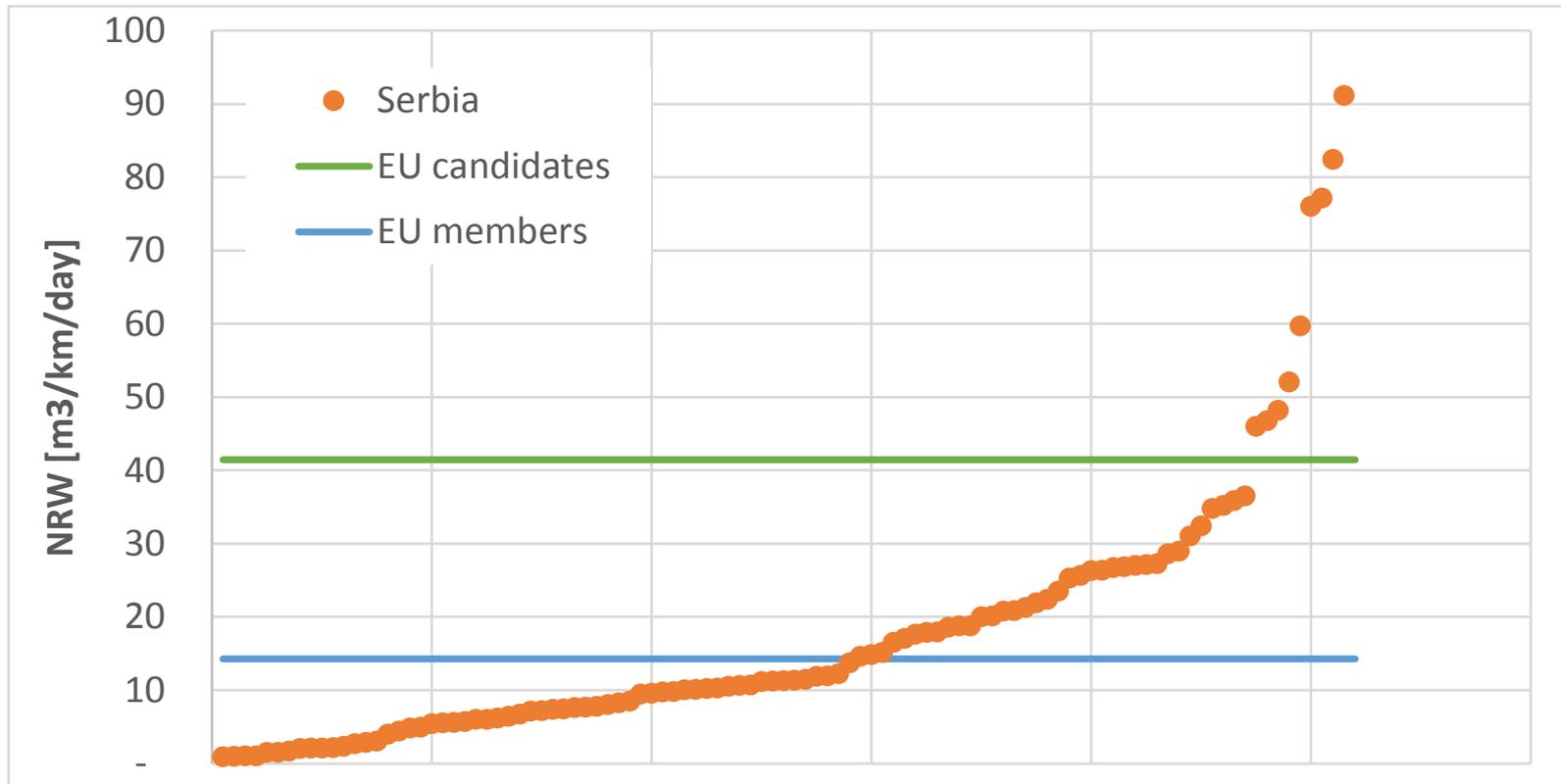


PERFORMANCE OF UTILITY COMPANIES

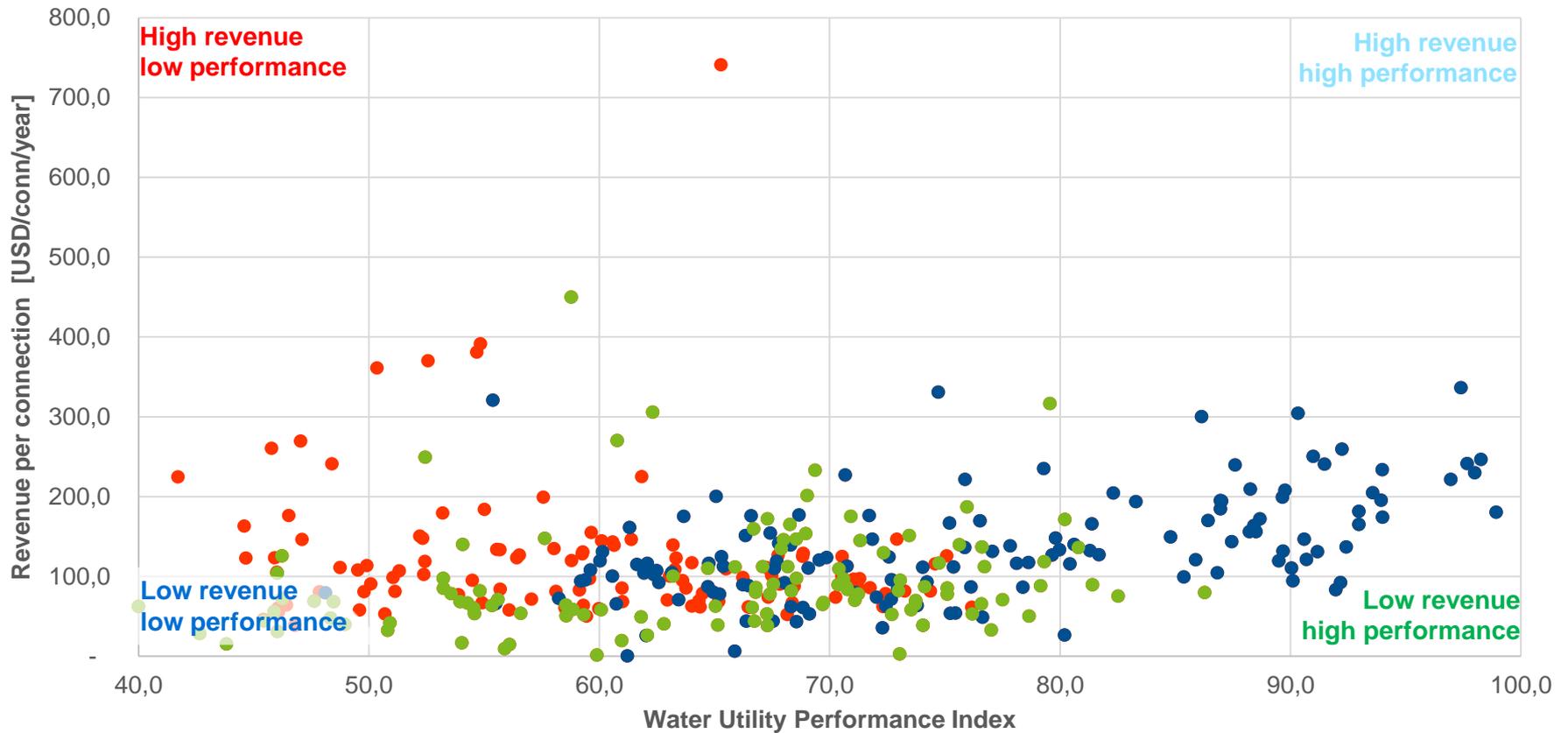
STAFFING



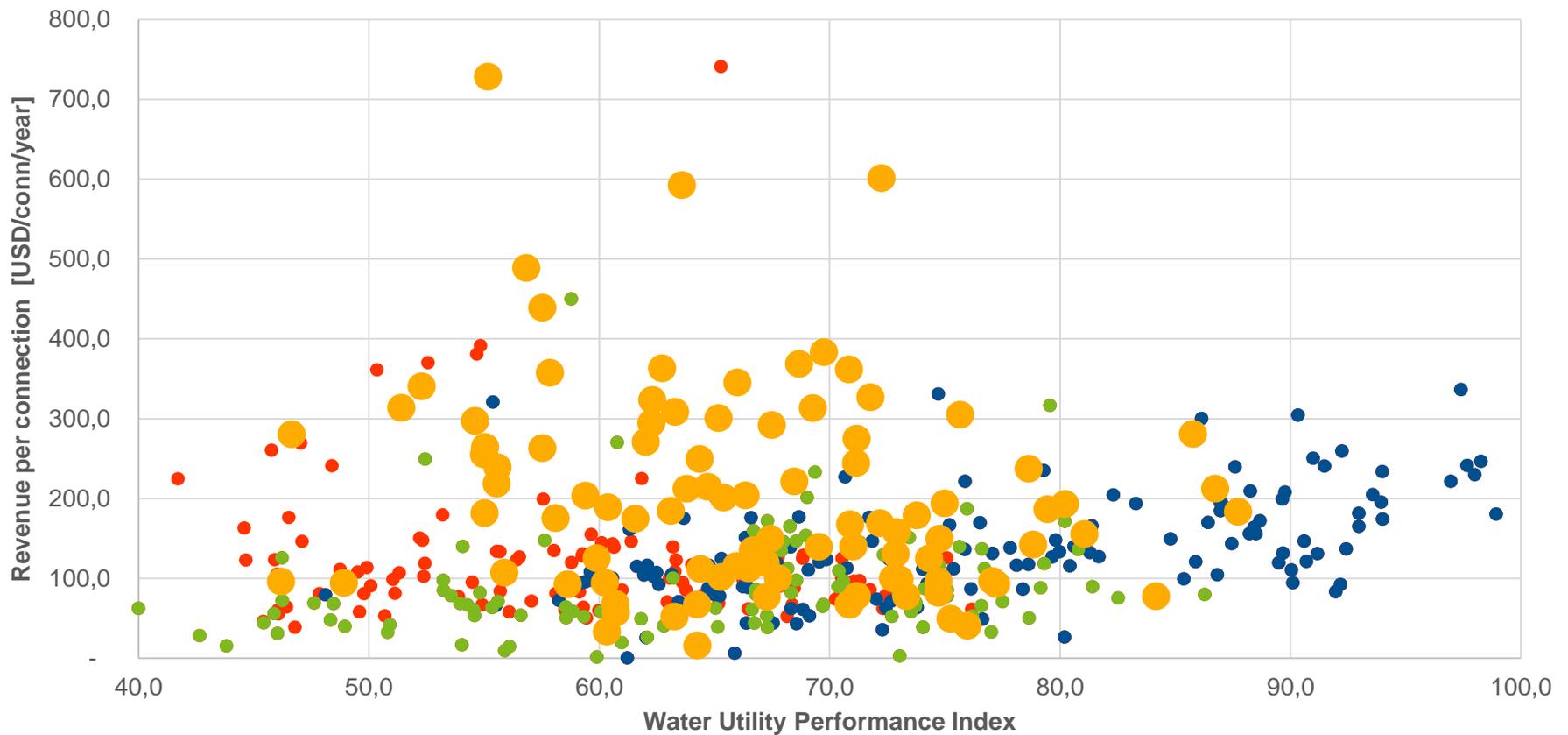
NON REVENUE WATER



OVERALL VALUE FOR MONEY

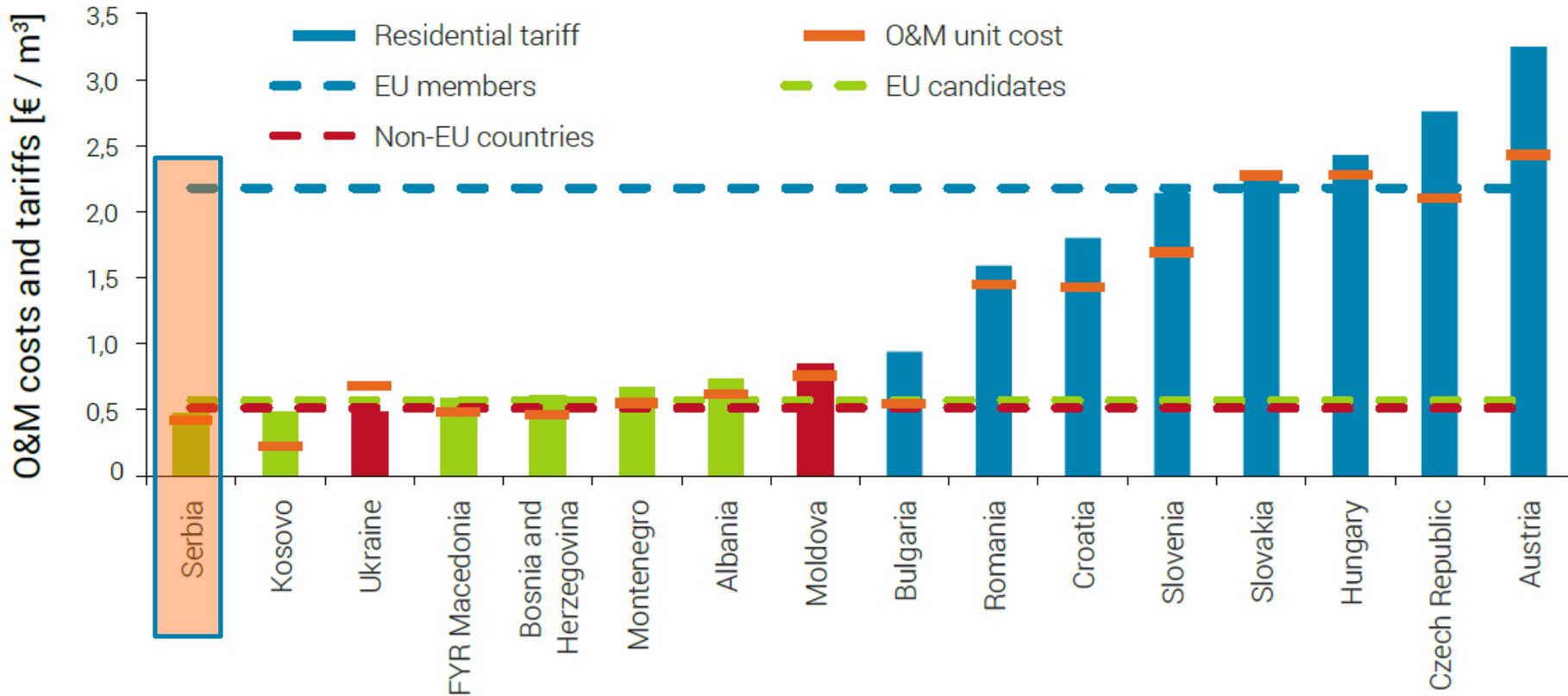


OVERALL VALUE FOR MONEY



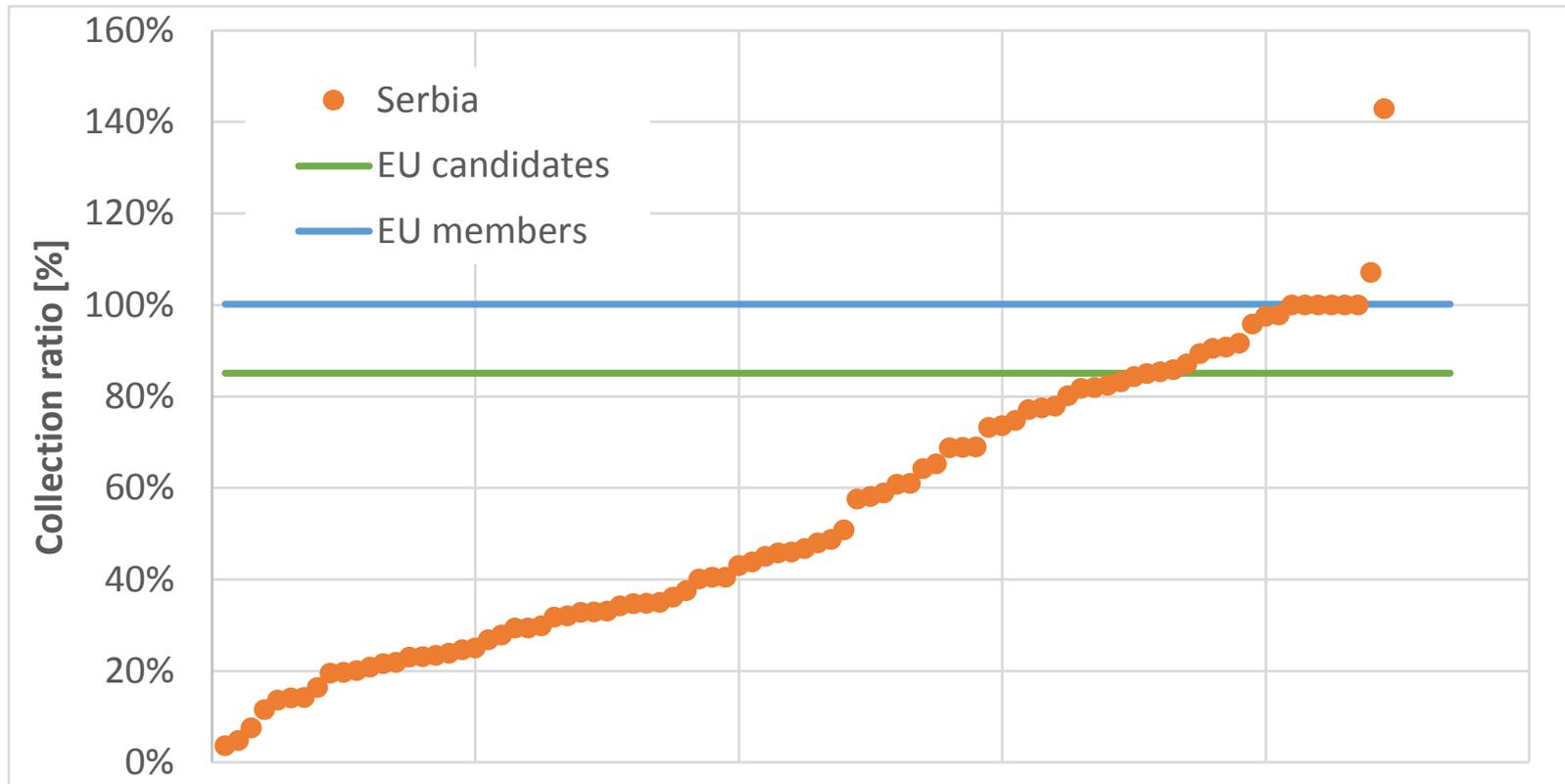
UTILITIES' FINANCES

TARIFFS ARE STILL VERY LOW

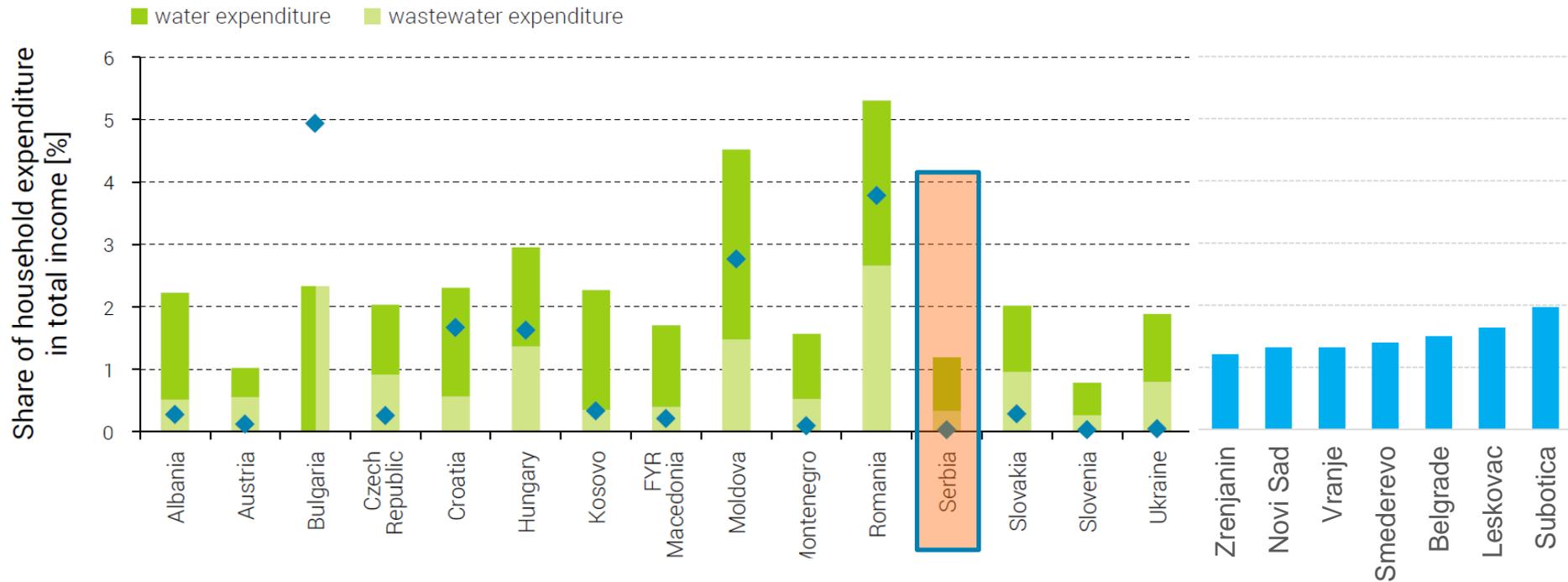


SOURCE: AUTHORS' ELABORATION BASED ON SOS DATA COLLECTION.

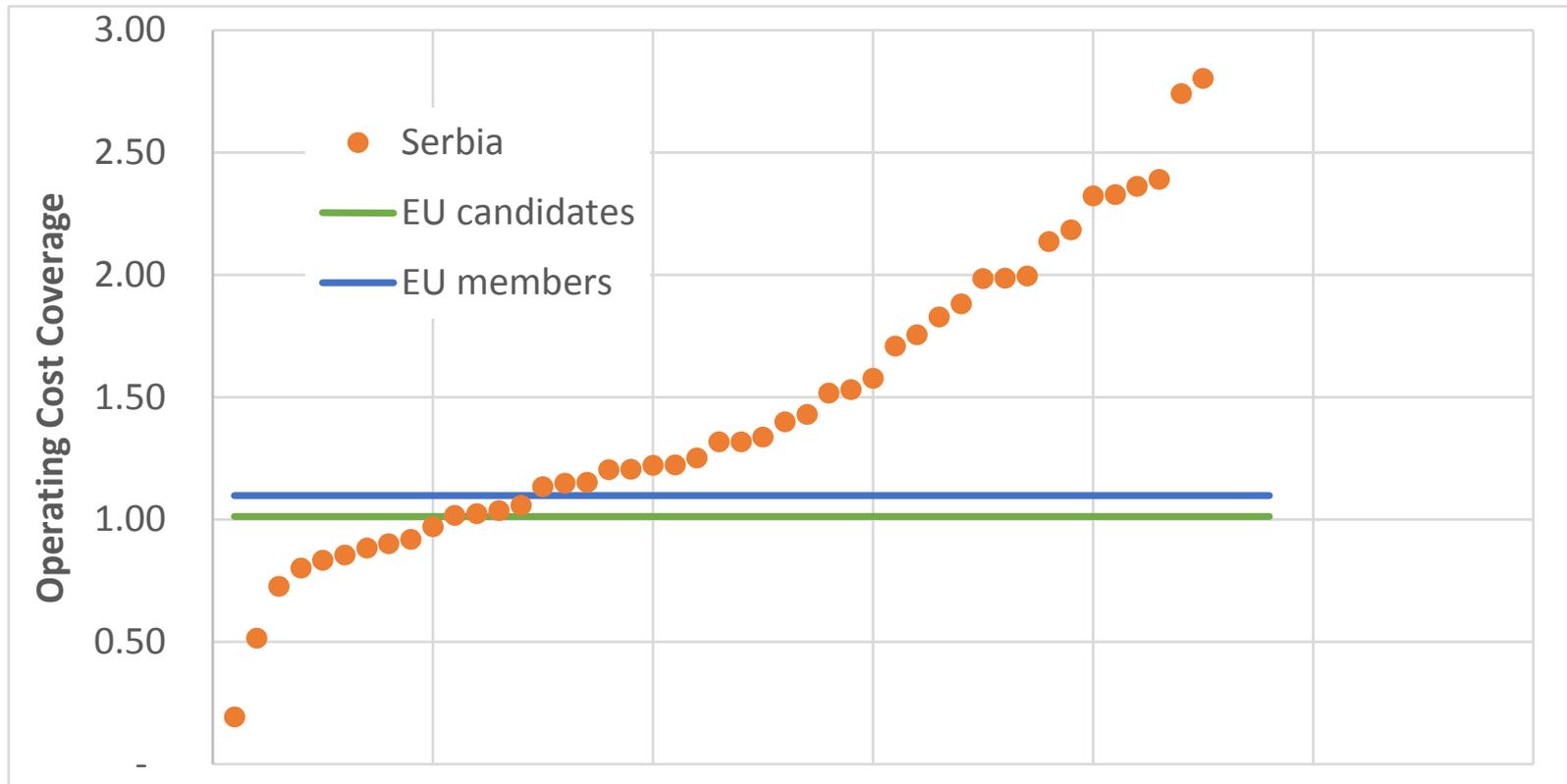
AND ARE NOT BEING COLLECTED



DESPITE BEING AFFORDABLE



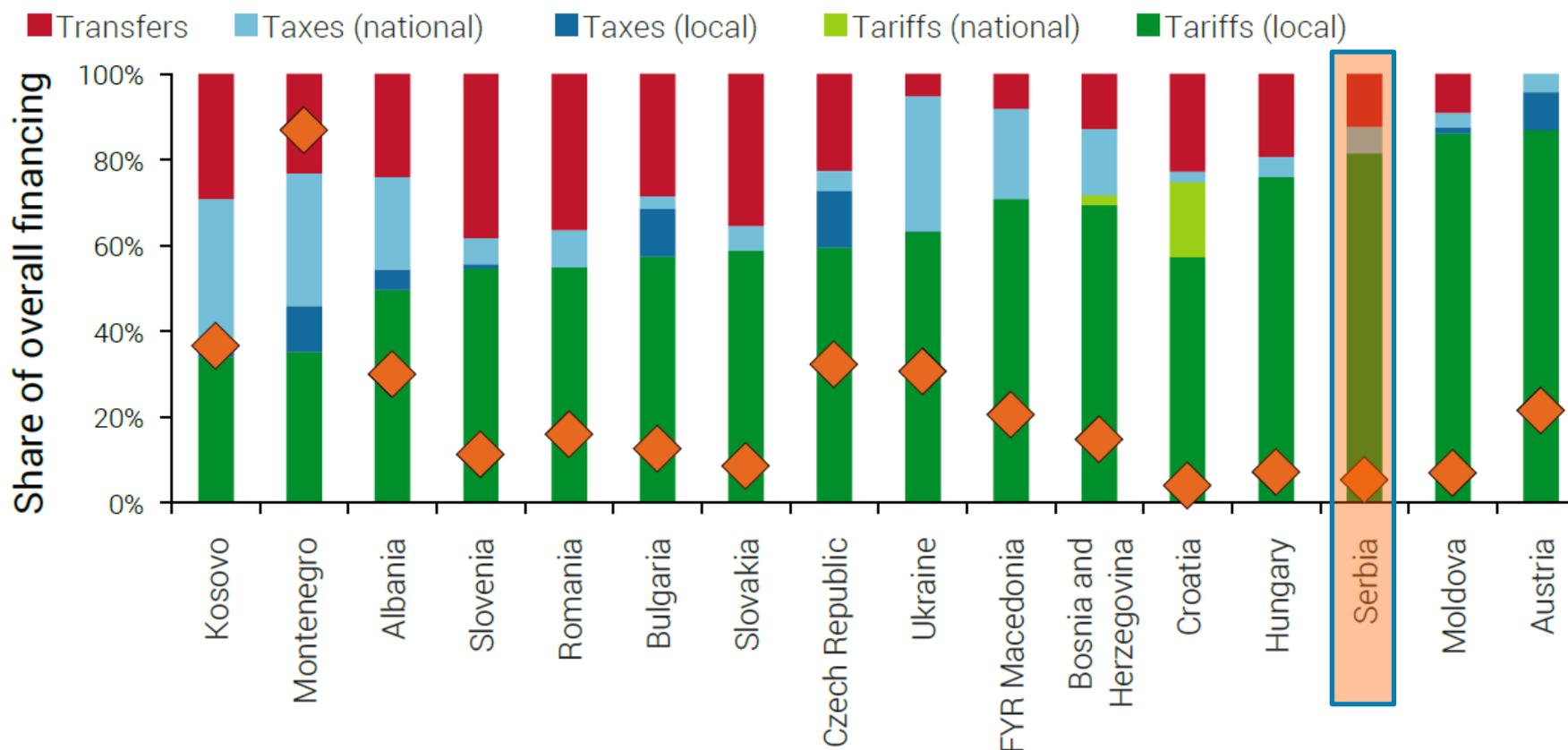
YET MANY RECOVER O&M



OVERALL RESOURCES AND NEEDS

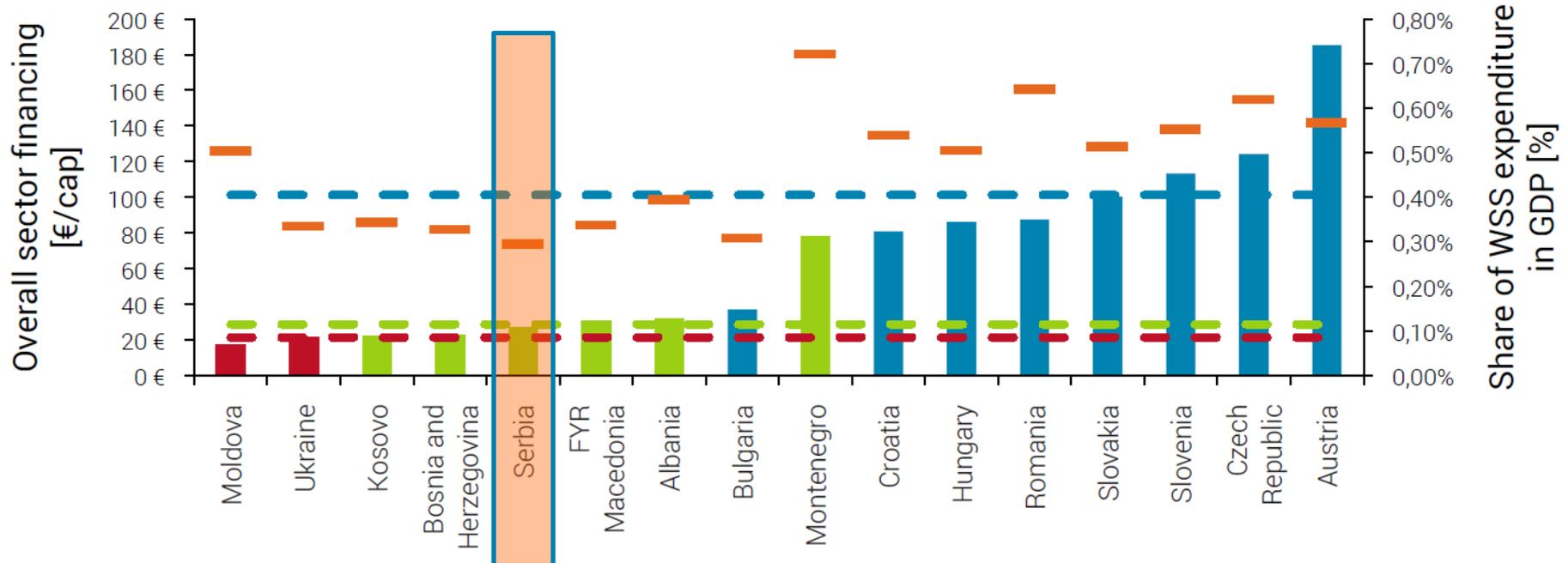
OVERALL FINANCING

► Tariffs represent bulk of financing



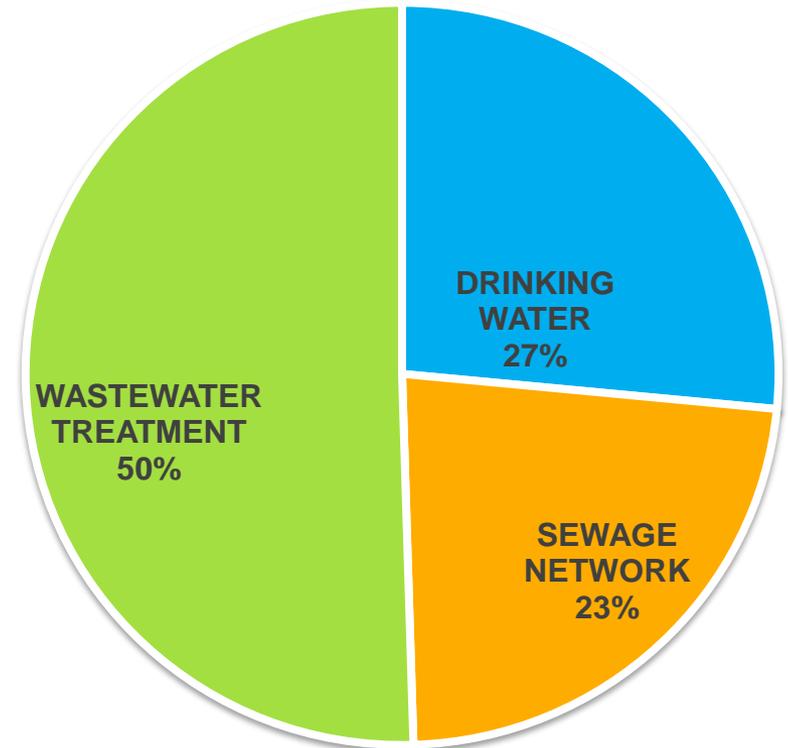
OVERALL FINANCING

- ▶ Much lower than OECD recommendations (0.5-1.0% of GDP)
- ▶ Assets being used up?



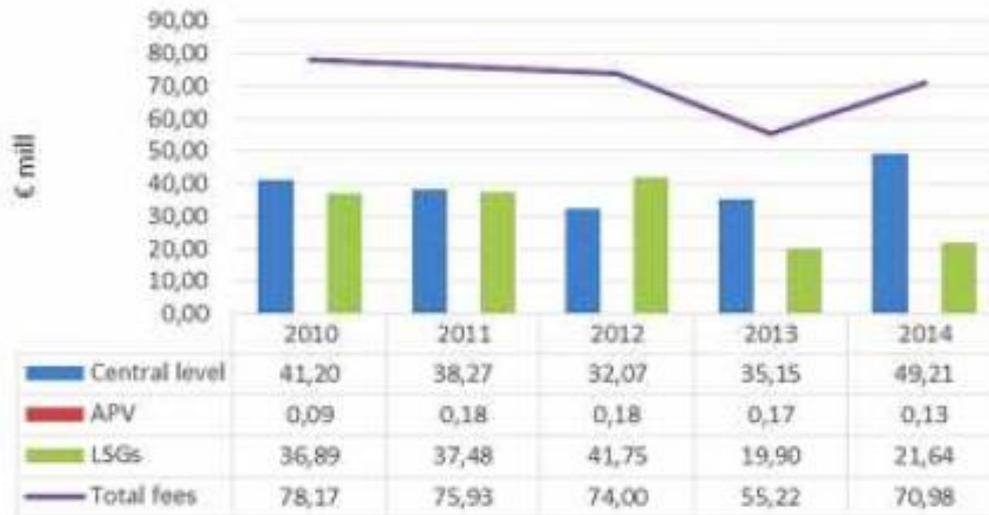
EU COMPLIANCE COST

- ▶ Around **7B Euros** (acc. to latest 2015 post-screening document)
 - ▶ 2B Euros for DWD
 - ▶ 5B Euros for UWWTD



INVESTMENT FINANCING

- ▶ External sources variable but low (70M€)
- ▶ Large WW management needs
- ▶ Around 150M Euros gap annually



WHAT DOES THIS MEAN FOR THE DECREES?



- ▶ **Costs increasing:**
 - ▶ Large investment needs (wastewater collection and treatment, asset maintenance and renewal)
 - ▶ Increasing operation costs (wastewater treatment)
- ▶ **And limited space:**
 - ▶ Tariffs low, cost recovery limited
 - ▶ Environmental fees low and not tied



- ▶ **Space for efficiency gains**
 - ▶ On costs: Staff, physical losses
 - ▶ And revenues: collection ratio, commercial losses
- ▶ **And higher tariffs still affordable**

SO THE DECREES SHOULD...

- ▶ Reference price of water:
 - ▶ Generate environmental incentives
 - ▶ Meaningfully fund externalities investments

- ▶ Water Services price:
 - ▶ Allow utilities to cover EFFICIENT, long-term costs for EU-compliant services...
 - ▶ While remaining affordable



Smart policies, strong utilities, sustainable services

THANK YOU

AND REFER TO DANUBIS.ORG FOR MORE DETAILS

David Michaud

Practice Manager

Water Global Practice

The World Bank

++ 1 202 473 8586

dmichaud@worldbank.org



www.worldbank.org/water
www.danube-water-program.org
danubis.org