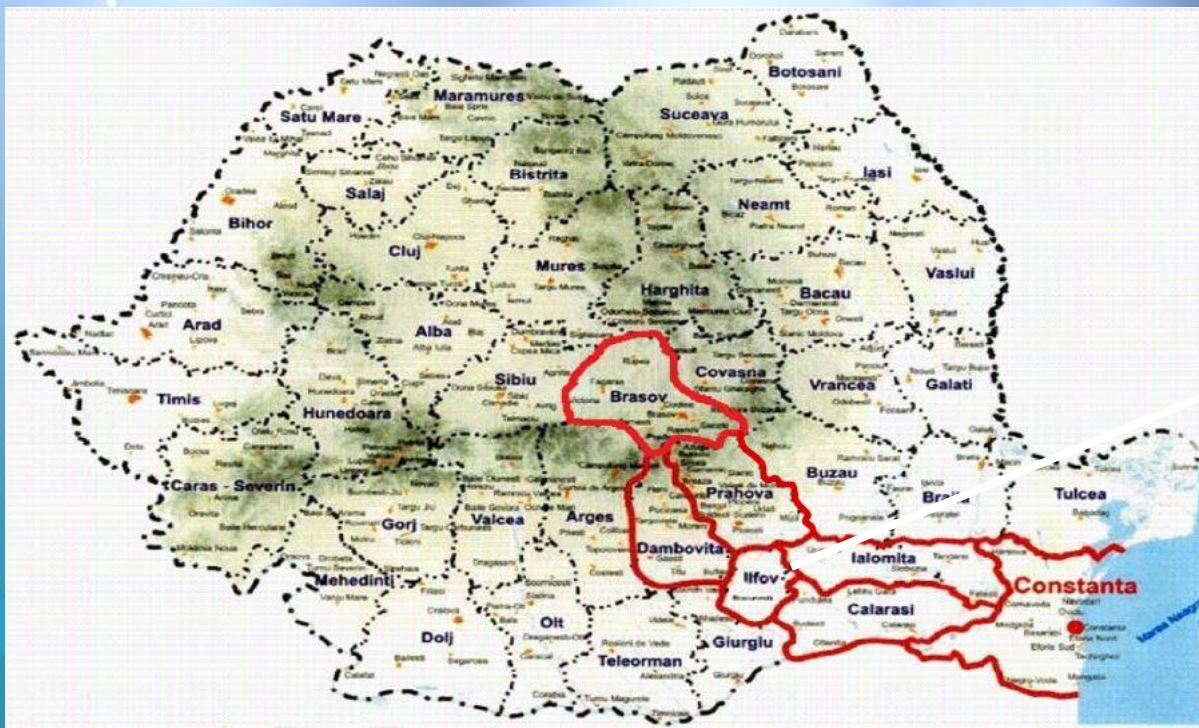


RAJA Constanta - opportunities for performance based contract





Operation area
(7 counties)

- The largest regional operator in Romania in the public water supply and sewerage sector;
- Founding member of the Romanian Water Association and also the only company providing water supply and sewerage services in Romania to become a member of IWA (the International Water Association).
- Having an ownership consisting of the 34 County, Municipal, City and Commune Councils .
- Serving more than 750 000 people in the counties Constanţa, Ialomiţa, Calaraşi, Ilfov, Damboviţa, Braşov şi Prahova.

Romania compliance with EU directives

- ◆ According to the Treaty Concerning the Accession of the Republic of Romania to the European Union that was adopted in 2005, Romania is in a transition period for the implementation of EU directives on drinking water and urban wastewaters.
- ◆ Requirements for providing wholesome and clean water for human consumption must be accomplished by the end of 2015, as for the UWD, it should be fully applicable by the end of 2018.
- ◆ The extension and modernisation of the water and wastewater infrastructure continues to be one of the most important priorities in improving the living standards and in implementing the environmental acquis, to be funded through European funds, complemented with other sources of funding.

Sources of investments for WWWS

- Investments in the Romanian water sector are currently mainly driven by the EU funds. The Sectorial Operational Programme for Environment for 2007–2013 allocated approximately 60% of the total €5.6 billion (€3.36 billion) budget to investments in the water supply infrastructure in Romania.
- The EBRD is also playing a significant role in the restructuring of the sector, by providing co-financing in EU-funded projects (approximately 15% of the capex requirements of eligible projects, in order to trigger the release of the remaining 85% from the EU's Cohesion Fund). In 2010, EBRD established a €200 million co-financing framework in this respect.
- Financial support comes also from the Romanian state budget, through governmental programmes and the National Environmental Fund, Local authorities, municipalities and intercommunity development association

Sources of investments for WWWS

Despite this, the european funds do not cover:

- Investments to improve the economic performance and activity of the Operator with the EU Directives
- Improvement of the service level through the reduction of operational costs, with bigger margins to invest from the operators own funds
- *To maintain the national and EU objectives for the WWWS sector, new sources of funding have to be found.*

Private Sector Participation can be part of the solution

***DEVELOPMENT STRATEGY AND EXTENSION
OF THE REGIONAL OPERATOR RAJA***

Internal approach

For the 2014-2020 the company estimated an investment of **57.557.240 EURO** and focus on:

1. Growth of sold water volumes

- Taking over and exploitation of new water systems
- Metering with distance reading of the measuring unit in the whole operation area of the company
- Extension of the water and sewerage network by european projects

2. Reducing the operational costs

- Modernization of the pumping systems and water sources (SCADA Project);
- Realization of energy producing facilities from renewable sources (hybrid parks)
- Efficiency of water supply and sewerage systems (sectorization and monitoring of water losses)

3. Efficiency in water and waste water treatment infrastructure

International approach

RAJA is part of the joint-venture **Aqua Management Solutions**, being one of the shareholders together with ANE (which represents FCC Aqualia)

The company's activity aims to prospect the international market and participate in the water and wastewater sector, through:

- investments in the total or partial service contracts
- concessions
- water cycle procurement and contracts for hydraulic infrastructure construction and management using BOT structures
- other project structures.

Aqua Management Solutions provides the increase of Aqualia and RAJA presence on the water management market in Eastern Europe, being present in Romania, Bulgaria and Moldova, regions that have a population exceeding 32 million inhabitants and a high potential for growth in the water and sewerage infrastructure, estimated at approx. 8 billion Euros in future years.

DESIGN OF THE PERFORMANCE BASED CONTRACT

RAJA is open to innovative water management models and contracts being interested in new PSP experience focusing on:

- ◆ Operational efficiency
- ◆ Practical know how transfer
- ◆ Sustainable improvement by setting up key performance indicators
- ◆ Optimization of equipment renewal
- ◆ Implementation of new modern management methods for the regional operator consolidation
- ◆ Efficiency of the service provision
- ◆ Outsourcing of the auxiliary activities in efficiency conditions
- ◆ Ensuring the financing gap, raising the tariff is limited because of the supportability level.

CONCLUSIONS:

Involving PSP represents a win-win situation, when:

- ◆ adequately prepared
- ◆ the legal and regulatory framework is appropriately designed and implemented
- ◆ the contract is well balanced and each risk is clearly allocated to the partner that can better cope with it
- ◆ accountability and transparency are assured from the beginning and the contract execution is adequately monitored.
- ◆ The tender is economically advantageous , on the basis of the price or cost, using a cost-effectiveness approach

THANK YOU VERY MUCH!

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