
WATER PPP'S. EASTERN EUROPE

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ANE

- ✓ A 61 m.€ Equity Joint Venture between FCC Aqualia & EBRD (European Bank for Reconstruction and Development) .
- ✓ Established in 2009 in Holland, managed from FCC Aqualia Offices in Madrid and Prague.
- ✓ Scope: Invest in Water & Wastewater projects in EBRD's countries of Operation.
- ✓ EBRD's role as financial partner, with a 10 Year exit strategy. ANE follows EBRD's Concession, Social and Environmental Criteria.
- ✓ Type of projects participated to date:
 - Concession Contracts (Balkan region),
 - BOT Contracts (Russia, Egypt)
 - Management Contracts (Romania, Moldova, Hungary)
 - Acquisitions (Russia).

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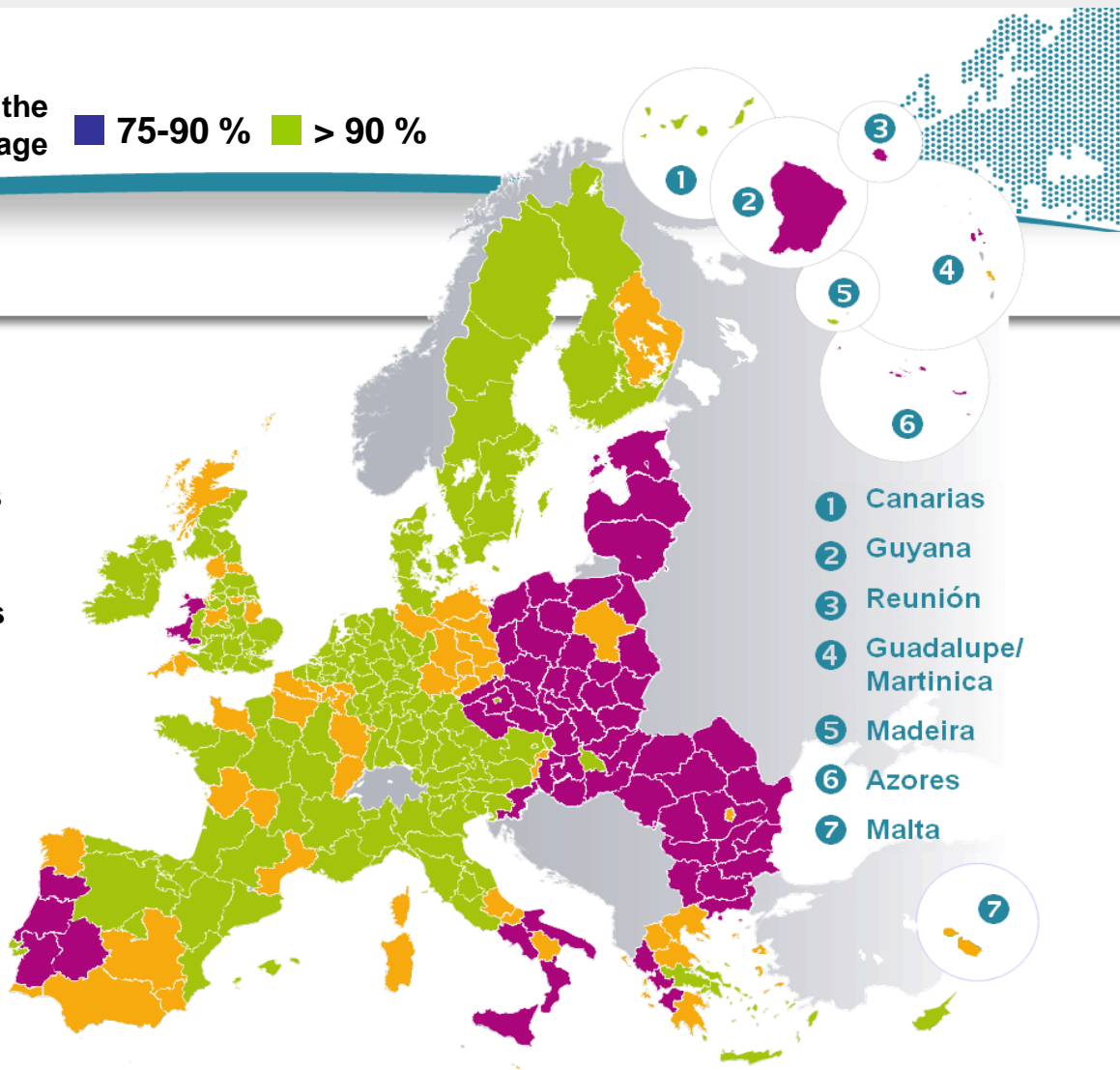
Current Outlook

WWT: Majority Regions in East Europe below EU Average

■ < 75% of the EU's Average ■ 75-90 % ■ > 90 %

3 Region Categories:

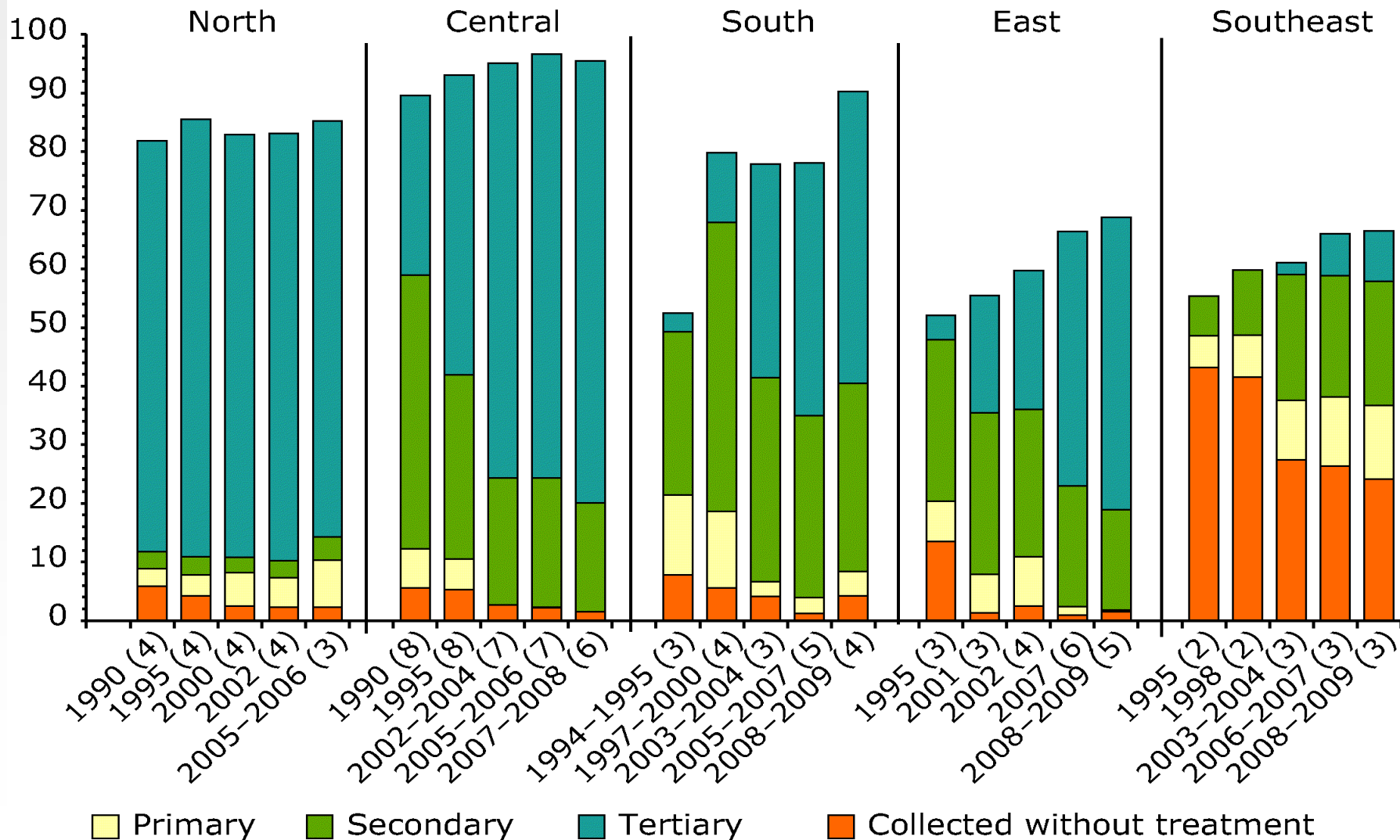
- More Developed Regions
- Regions in Transition
- Less Developed Regions



Source: Eurostat

WWT: Significant Regional Gaps

% of population connected to wastewater collection and UWWTPs



Primary
 Secondary
 Tertiary
 Collected without treatment

() number of countries

Source: Eurostat

Significant Funding Gaps

Recommended scenario - debt funding, increased efficiency and use of individual appropriate systems

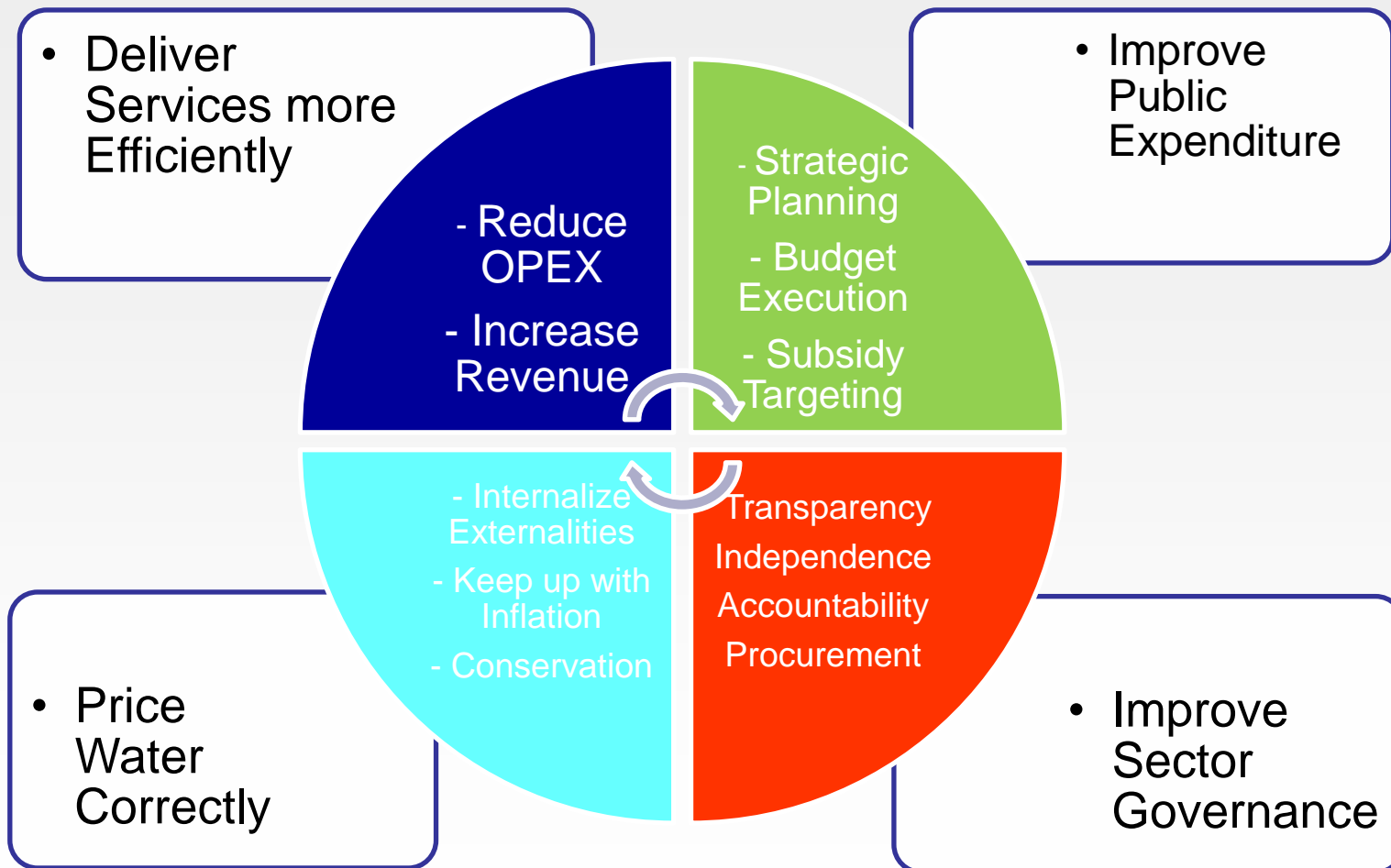
Period	Investment needs	Investment financed	Investment cost of debt	Funding sources, MBGN						
				EU grant		Government grant	WSSCs		Investment gap (postponement)	Gov't Income Support
				Grant from EU funds	National contribution		Loans	Internally generated funds		
2014-2023	11,734.0	11,734.0	238.6	3,684.1	2,247.2	390.7	1,271.1	4,141.0	-	91.2
2024-2028	4,157.9	4,157.9	327.2	-	-	163.9	262.2	3,731.8	-	79.2
2029-2038	8,315.7	8,315.7	472.9	-	-	70.3	50.0	8,195.5	-	117.1
TOTAL, MBGN	24,207.6	24,207.6	1,038.8	3,684.1	2,247.2	624.8	1,583.3	16,068.3	-	287.5

Source: MRDPW. BG. May 2014

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Challenges

The Reform Cycle



Source: World Bank 2012

ROLE OF SERVICE PROVIDER

How can a SP improve a Water System?

➤ Removing technical inefficiencies -

Reduce NRW levels

➤ Improving Management inefficiencies

Improve Metering, Billing, Collecting,
Asset Management, Education,
Leadership.....

➤ Choose the right Technology

Main Challenges in Eastern Europe

- ✓ Improvement of Legal Framework
- ✓ Increase Management Skills
- ✓ Shorten Implementation Periods new projects
- ✓ Adjust Tariffs to Cost of Service, including Environmental Costs

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CONCLUSIONS

CONCLUSIONS

- ✓ An increased number of PPP can help bring Private Finance to bridge the financial gap in required Investments,
- ✓ A strong and healthy PPP culture can be a vehicle for management know-how transfer,
- ✓ It can bring the adequate technological solutions to a A given Municipality or Company,
- ✓ PPP's can help foster Flexible, Efficient and Benefit driven Utilities,
- ✓ By implementing a Cost Recovery Focus mentality, it helps Administrations and Regulators establish sustainable Water Infrastructure.