Latest developments for financing water in Romania

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Workshop: Financing integrated water resources management in Ukraine: From priorities to investment snd implementation
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Financing water management in Romania

- Established by the Water Law for the management of the water resources including water risks and implementation of the EU directives related to water

- Established by the Law on Water supply and Sanitation for municipal water infrastructure including obligations to comply with EU specific legislation

EU obligations and their financing implications

EU framework	Main investment need	Financing implication
Water Framework Directive	River-basin measures and water status	Cost recovery and incentives under Article 9
Drinking Water Directive	Safe supply, risk management and access	Asset renewal plus support for vulnerable users
Urban Wastewater Treatment Directive	Collection, treatment and new pollutant controls	Grants and utility revenue, with future producer contributions
Floods and Nitrates Directives	Risk reduction and agricultural pollution prevention	Public budgets and targeted land-management support
Water Reuse Regulation	Safe reclaimed water for agricultural irrigation	Permitted projects and credible customer contracts

Water Law 310/2004

- Transposed the provisions of the Water Framework Directive into Romanian legislation
- Introduced the cost recovery for water services based on the economic analysis of the water use looking for an adequate contribution of different uses
- Establishing a system of contribution, tariffs, payments, bonuses and penalties
- This system is applied to all water users with the exception of navigation
- The National Administration “Romanian Waters” is the only entitled to apply the economic mechanism for water management

Specific contributions for water

- Contribution for water resources use on the resource and users categories
- Contribution for receiving waste/used waters in the water resources
- Contribution for the hydropower potential ensured through the dams of the reservoirs being under National Administration “Romanian Waters” administration
- Contribution for sand and gravel exploitation from river bed and river banks

Financing of the water management system

- State budget for the construction of the national infrastructure
- National Administration “Romanian Waters” budget for the operation, maintenance and repairs of the water national infrastructure
- National Administration “Romanian Waters” budget for running, maintenance and upgrading of the national water quantity and quality monitoring system
- State budget and National Administration “Romanian Waters” budget for implementation of the obligation deriving from bilateral and regionale agreements in the water field
- Local budget for construction and maintenance of the local infrastructure

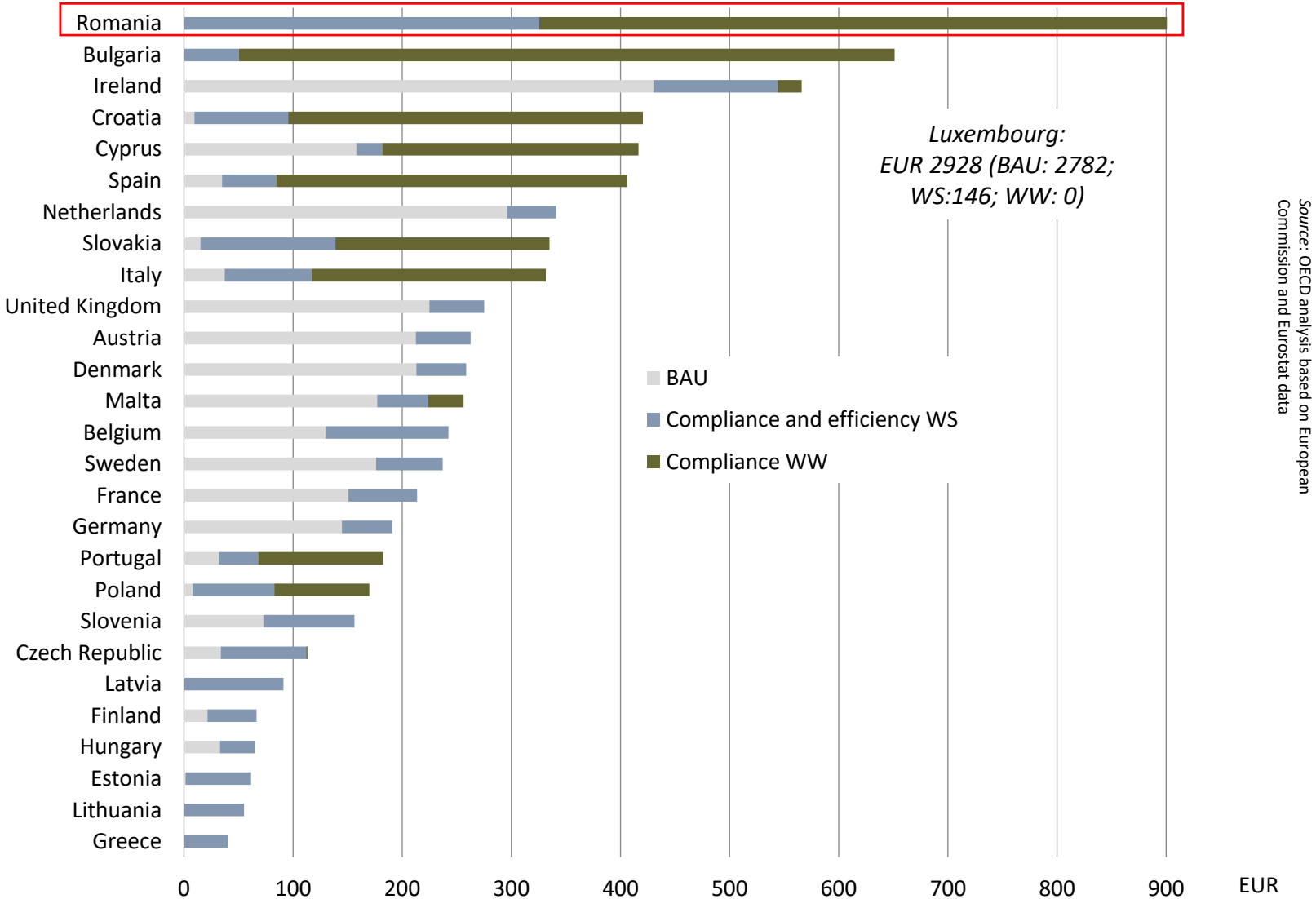
The main challenges of the water and wastewater sector in Romania

- Poor water and wastewater infrastructure, especially in rural areas
- Huge investment needs to comply with the requirements of European Union Directives
- Limited capacity of water and wastewater operators to maintain and operate extensive infrastructure systems
- Limited capacity, at national level, to implement large investment projects in a short period of time
- Problems related to the accessibility and willingness to pay in rural areas for drinking water and wastewater collection and treatment

Challenges of water supply and sanitation

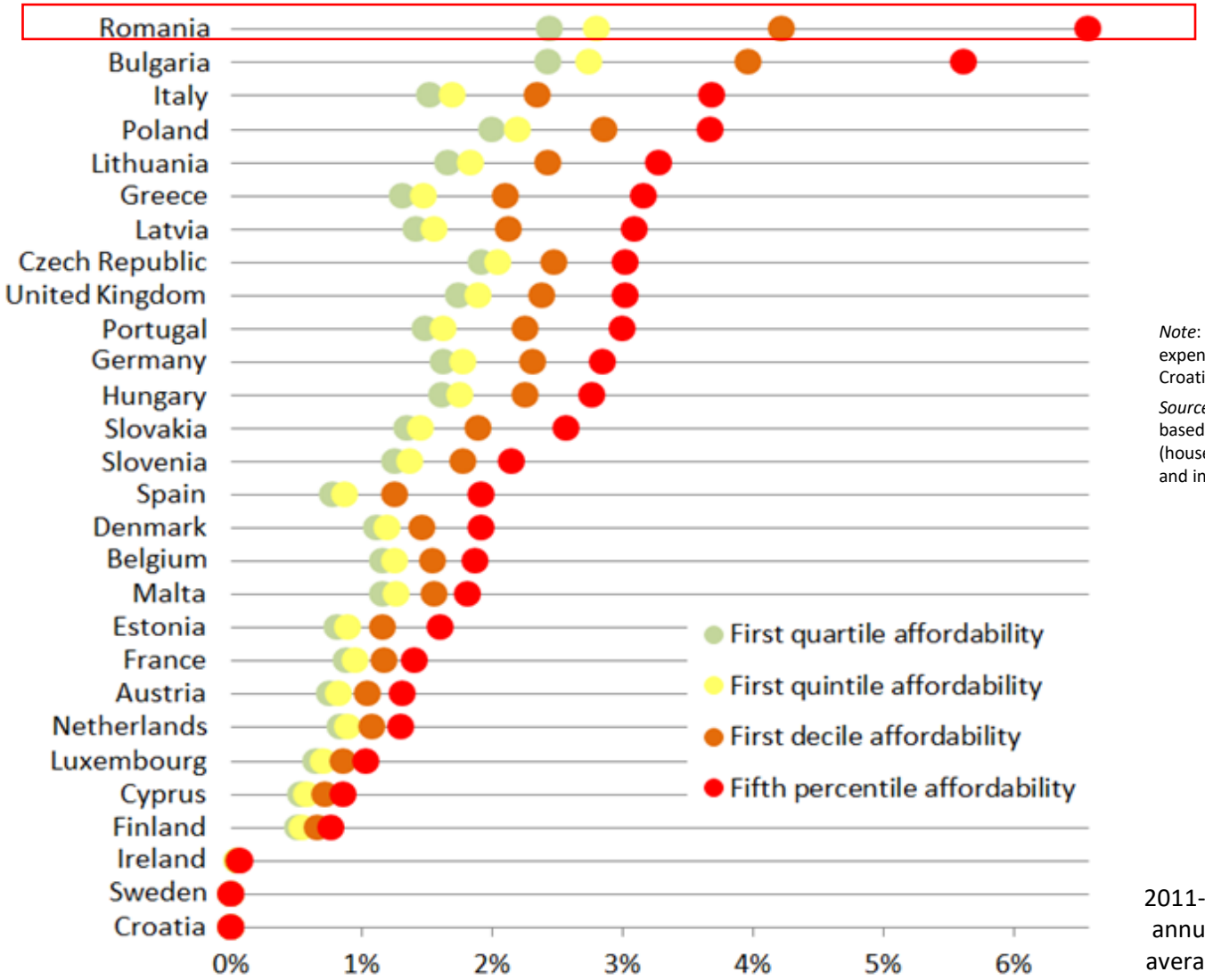
- Need to increase institutional capacity for water supply and sanitation
- Increase of the financing needs for water infrastructure–from 13.5 billions (2004) to 24 billions (2018)
- Decrease in the workforce for projects implementation
- The financial sustainability of some water and wastewater systems collapsed
- Tendering legislation implying long delays
- Individual Apropriate Systems

Per capita cumulative additional expenditures by 2030: *BAU + Compliance + efficiency*



Source: OECD analysis based on European Commission and Eurostat data

Ways forward - Share of WSS expenditures in households' disposable income

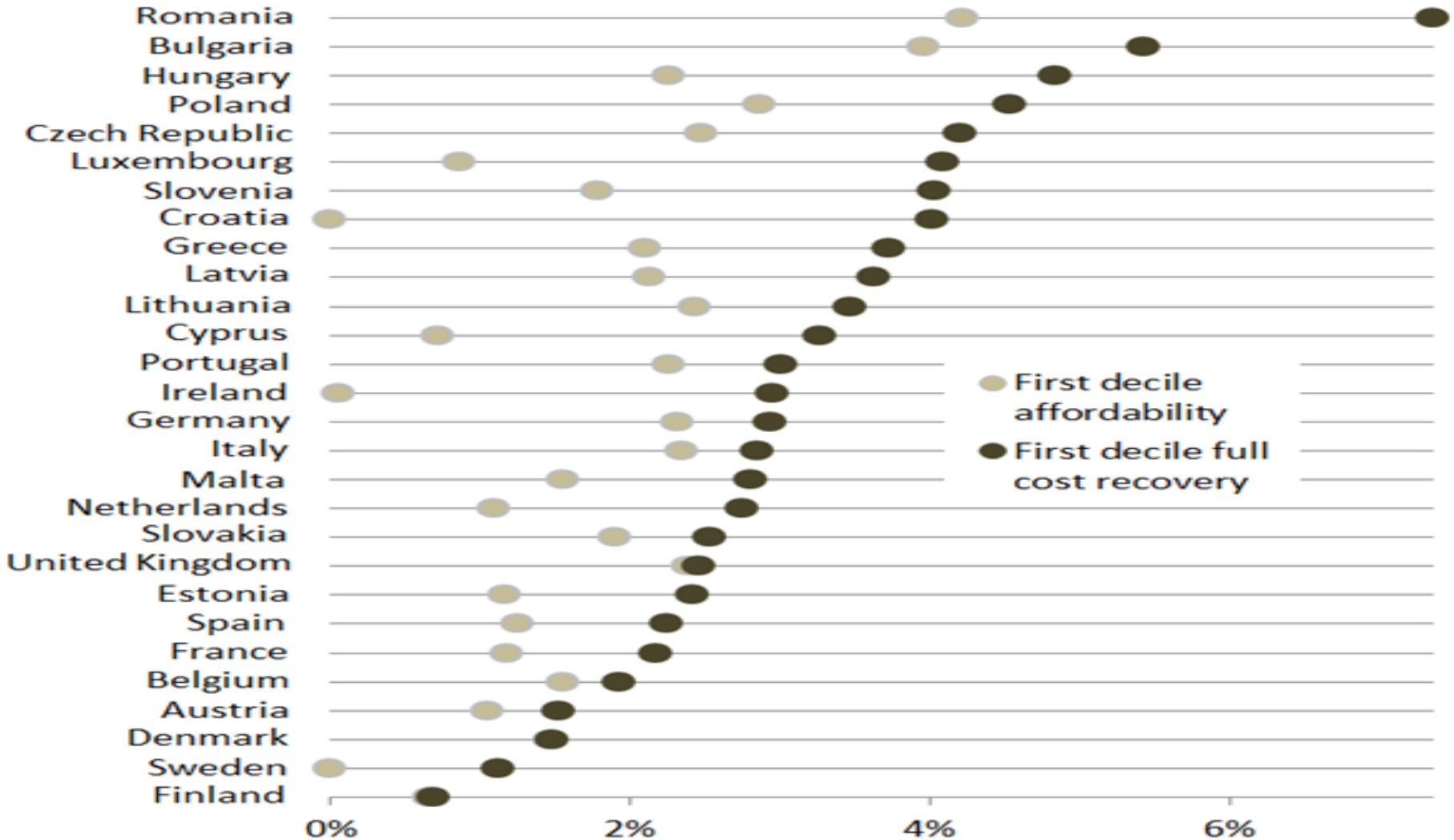


Note: Lack of household expenditure data for Croatia and Sweden.

Source: OECD analysis based on EUROSTAT (household expenditures and income data)

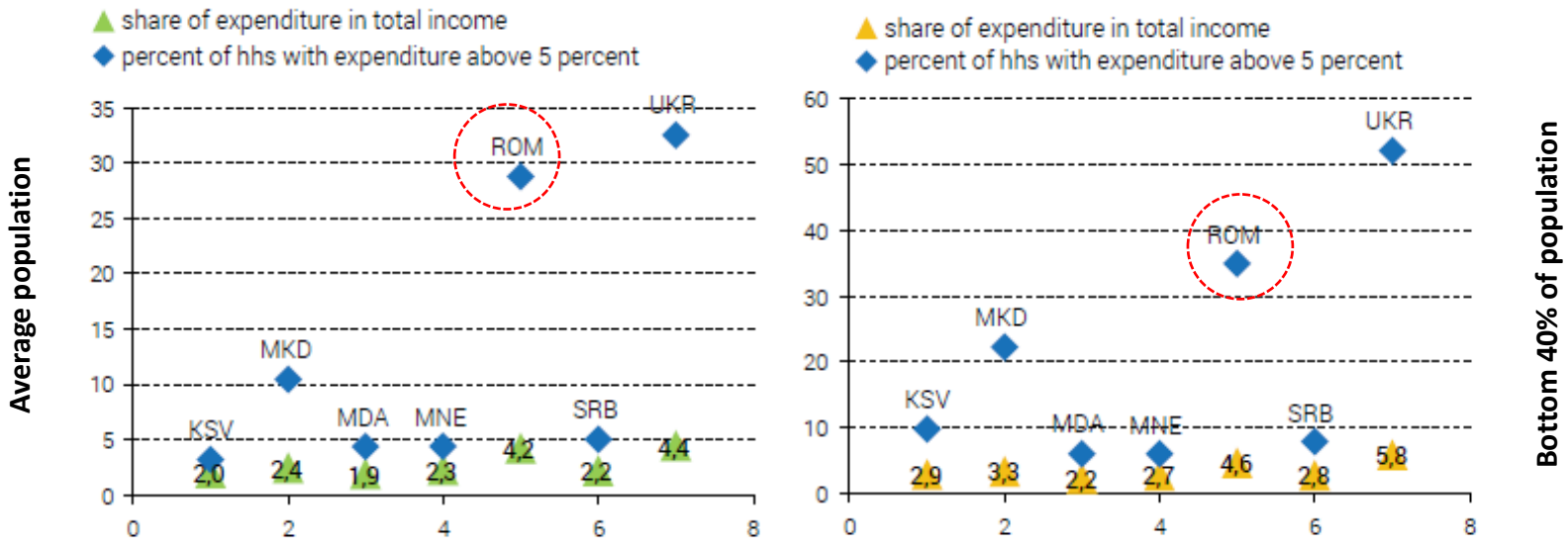
2011-15 annual average

Increase in tariffs for total cost recovery in water and waste water sector



Affordability

- Limited social space for tariff increase in Romania:
  - Close to 30% of HHS spending > 5% of monthly income for WSS expenditure
  - For bottom 40%, 35% of HHS spending > 5% of monthly income for WSS

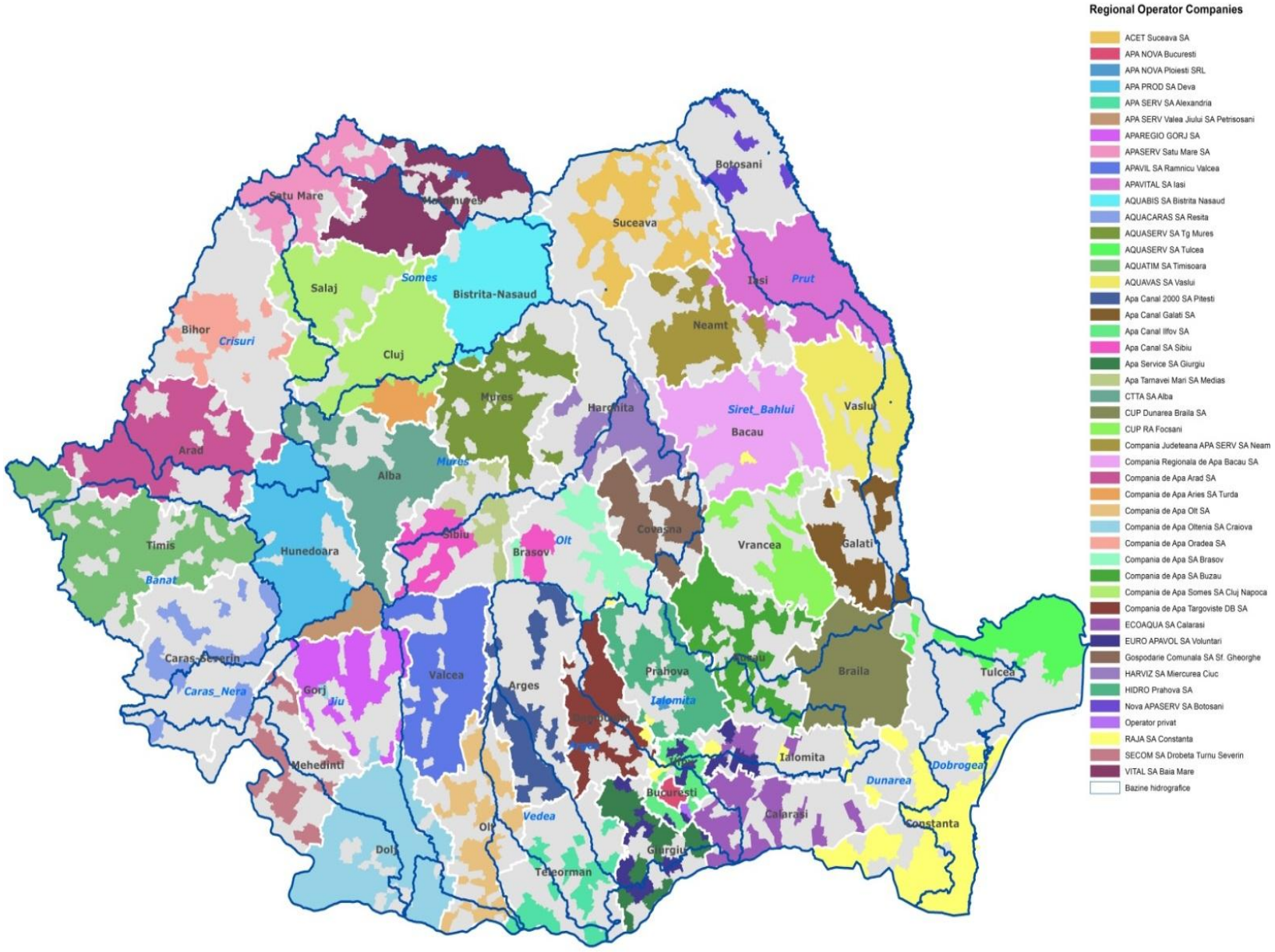


SOURCE: AUTHORS' ELABORATION FROM VARIOUS HOUSEHOLD SURVEYS.
NOTE: SHARES FOR FYR MACEDONIA AND MONTENEGRO INCLUDE REPORTED WATER SUPPLY EXPENDITURE ONLY.
HHS = HOUSEHOLDS.

Advantages of regionalization

- Improved technical capacity
- Improved financial capacity
- Improved lending capability
- Improved investment planning
- Optimization of available resources
- Capacity to operate of existing regional systems
- Capability to meet EU W & WW Directive
- Tariffs leverage around the region

Counties and basin areas operated by ROCs



Cost recovery at the ROC level

- Includes resource costs and environmental costs
- Include maintenace and operation costs
- Include the repayments of the loans
- Water demand less than forecasted
- Tariff collection rate 85-90%
- Profit less than forecasted
- Need for future investments
- Need to cover depreciation

Support for ensuring affordability of the water supply and sanitation

- Law 215/2018 amending and supplementing Law 241/2006

-granting monthly aid from the local budget for families and single individuals whose average monthly net income is below the minimum gross salary in the country;

-the equivalent value of water supply and sewage services, within the limit of a water consumption, respectively a quantity of wastewater discharged to the sewage network of 75 l/person/day.

Financing National Investment Plan for Water and Waste water

- €968 million – National Recovery and Resilience Plan 2021–2026;
- €2.9 billion from the Sustainable Development Operational Programme 2021–2027;
- €4.5 billion from the National Investment Programme for financing water and sewerage systems;
- €450 million in funding from local public administration budgets;
- €400 million in co-financing for compliance measures (Regional Operators)
- €250 million from the Environment Fund budget.

Main achievements in the water sector

- **Long-term investment planning**, prepared at regional level, including multi-annual tariff policies, is in place (previously not available);
- **A new financing model**. Co-financing loans by IFIs are largely structured as utility loans, without state or municipal guarantees; approximately half of ROCs benefit from this lending model.
- **Improved financial and managerial performance** is recognized in the water sector, related to resource optimization and improved lending capacity;
- **Benchmarking program**. With EBRD support, a benchmarking program was implemented with 43 ROCs as participants; the program is now being successfully continued by the Romanian Water Association (“ARA”).

Recent regional financing commitments

Regional operator	EBRD loan	Investment programme	Expected benefits
Bacău, 2024	€22m	€577m	About 600,000 residents
Brăila, 2024	Up to €14.2m	€240.8m	Just under 200,000 residents
Hunedoara, 2025	€14m	€230m	About 170,000 residents

The model combines EU support with repayable utility finance.

2026: domestic funding and project preparation

EIB–BID agreement	Advisory support for project appraisal and climate resilience, including regional operators and smaller municipalities. An advisory agreement, not a new loan allocation.
RON 1.5bn	AFM’s approved 2026 budget allocates this amount to new water and sewerage funding sessions. Allocation is distinct from disbursement.
September draft guide	Proposed support up to 95% of eligible costs, with ceilings of RON 12m, 20m or 30m according to population. Competitive selection would reward readiness and connections.

Sources: EIB, 3 March 2026. MMAP, 21 May and 21 September 2026

Remaining gaps in the water sector

- **Intra-regional disparities. Compliance gap**. The disparities between urban and rural areas in Romania are huge; while larger municipalities are approaching compliance with EU standards, smaller communities (mainly in rural areas) are significantly lagging behind.
- **Financing gap. Unsustainable financing strategy**. Additional capital investments in the water sector are needed, estimated at a minimum of EUR 22 billion, as many smaller agglomerations do not benefit from water services to EU standards.
- **Sustainability/asset management planning**. Long-term asset management is needed, and infrastructure built with significant EU and other public funds would deteriorate rapidly if no action is taken.
- **Reinforced regionalization policy** to take into account new realities and lessons learned from the implementation of large investment programmes.

Water Reuse Regulation

Sets out:

- harmonised minimum water quality requirements for the safe reuse of treated urban wastewater in agricultural irrigation
- harmonised minimum monitoring requirements
- risk management provisions to assess and address potential additional health risks and possible environmental risks
- permitting requirements
- provisions on transparency, whereby key information on every water reuse project is made available to the public

Implementation of the Water Reuse in Romania

- Till present there were no requests for water reuse in Romania
- The effects of the climate change and the severe drought in this year prompted us to take action to develop the framework necessary for the implementation of this Regulation
- The draft of Governmental Decision establish the authorities involved in the process of authorization, monitoring, control and reporting of the water reuse

Conclusions

Financing is advancing

EU grants and development-bank loans continue to support regional investment. New 2026 measures strengthen project preparation and domestic funding.

The gap remains large

It was estimated an annual water investment gap of about €1.1 billion.

New revenue options

Better tariffs and water charges can support upkeep. Producer responsibility and contracted reuse offer additional, targeted funding routes.

Sources: EBRD 2025, EIB 2026, MMAP 2026, European Commission 2025


Thank you very much for
your attention !