



# EAP TASK FORCE

## OECD OCDE

### Supporting National Policy Dialogue on Rural Water Supply and Sanitation in Armenia

Peter Börkey

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## EAP Task Force activities in Armenia

- Financing strategy and social assessment for the urban water supply and sanitation sector finalised in 2004
- Some of the key results from this work are:
  - If Armenia mobilises all available resources it will be able to achieve improved supply and extension of sewerage and mechanical wastewater treatment in all major urban areas
  - This would require to:
    - To improve user charges collection to 94%
    - To increase household water bills to the affordability threshold of 4% , while providing subsidies to the poorest
    - To undertake energy and other cost saving measures
    - To allocate public funds and international loans to a total of 2.2% of public expenditure budgets during 2005-2011, the gradually decreasing to 1% by 2016

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## EAP Task Force work in Armenia

- A new project started in 2005, supports the Armenian government in implementing key recommendations of the financing strategy:
  1. Integrating the financing strategy into the budget process and into medium term financial planning
  2. Identification of cost saving measures through better engineering and governance
  3. Advising the authorities on improved tariff policy
  4. Improving financial planning at the utility level
  5. To extend financing strategy methodology to rural water supply and sanitation

## Proposed work to support a policy dialogue on rural water supply and sanitation under the EUW I in 2006

- Use new rural methodology to extend financing strategy to cover rural water supply and sanitation
- With the analysis, support a national policy dialogue on the financing of rural water supply and sanitation
- This includes:
  - Establishment of a steering group to oversee the project
  - Data collection
  - Update of urban financing strategy
  - Development of financing scenarios for rural water
  - Recommendations on policy actions for rural water

## Possible extensions

- This approach could be extended to other EECCA countries where a reform process is ongoing in the water sector
- Possible examples include:
  - Georgia, where a financing strategy for the urban water supply and sanitation sector has just been completed
  - Moldova, where a financing strategy will be developed starting in June 2006

## Policy dialogues linking WSS and WRM

- Ideally EUW policy dialogues should not look at WSS in isolation, but link into broader water resource management planning exercises
- To ensure the coherence of planning efforts, in municipal water demand
- To ensure the sustainable quality and quantity of the resource
- To help identify priority investment projects, in wastewater treatment
- To ensure financial sustainability and affordability for public budgets and households of WSS and WRM plans



## Inputs for the Environment for Europe Conference, Belgrade 2007

- Contribution to EECCA Environment Strategy Progress Report (Category 1 document)
- Synthesis report on the status of the water supply and sanitation sector in EECCA and the opportunities and challenges in financing the water related MDGs in EECCA