

The implemented reforms and progress on developing a strategy for the WSS sector in Armenia

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**State Committee of
Water System of
Armenia**



EAP Task Force




Main Directions of the Reforms

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- **Legal reforms** – establishing legal base for private sector involvement and sector commercialization
 - **Institutional reforms** – sharing management and regulation functions, establishing an independent regulator, decentralization and privatization
 - **Investment policy**
 - **Tariff policy**
 - Reforms in the sphere of **social security** – introduction of family allowance system
 - **Involvement of private sector** in providing utility services to the population



Key Objectives of the Project



Key objectives of the project were to update the Finance strategy for urban WSS and extend it to rural WSS, and help SCWE implement it by:

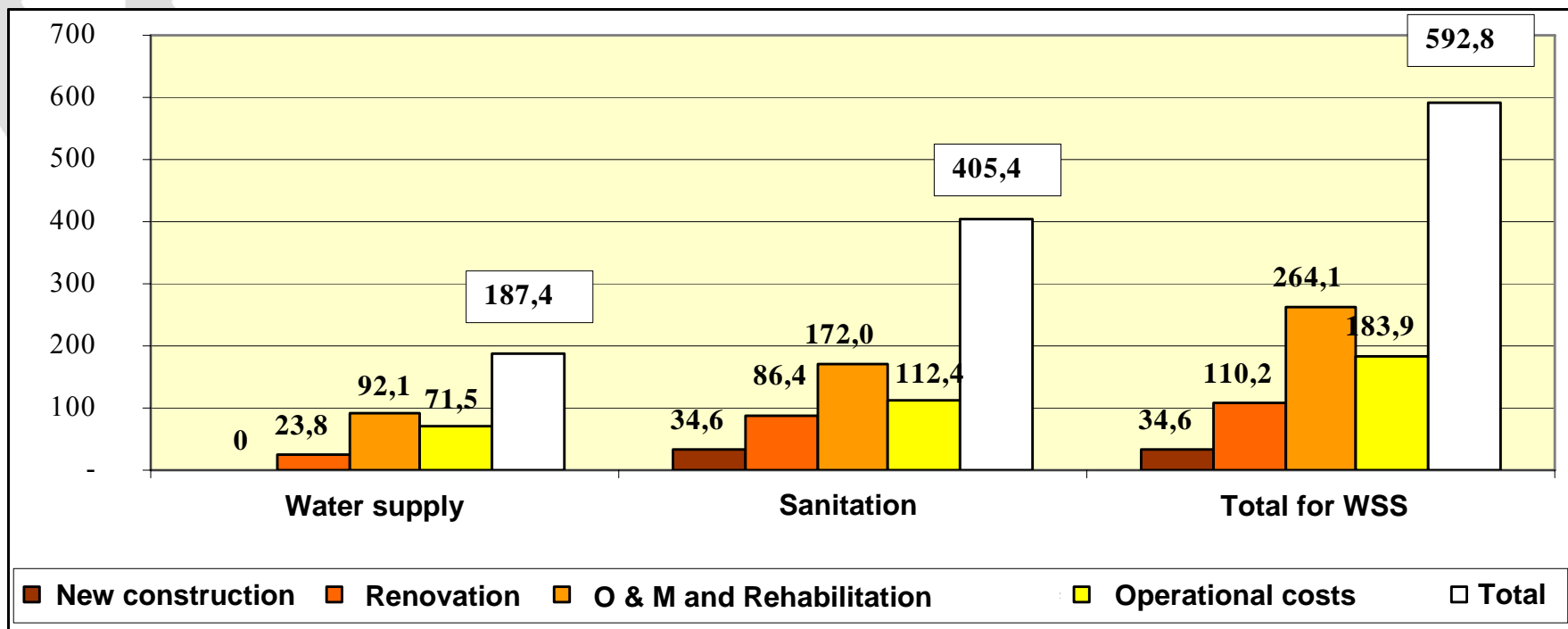
- Linking the strategy to the budgetary decision making process;
- Increasing the reliability of investment needs assessment, using robust methods to assess, manage and forecast demand for water supply and sanitation services;
- Ensuring that tariff policies were sustainable from an economic and social point of view.



Required Funding – Urban WSS

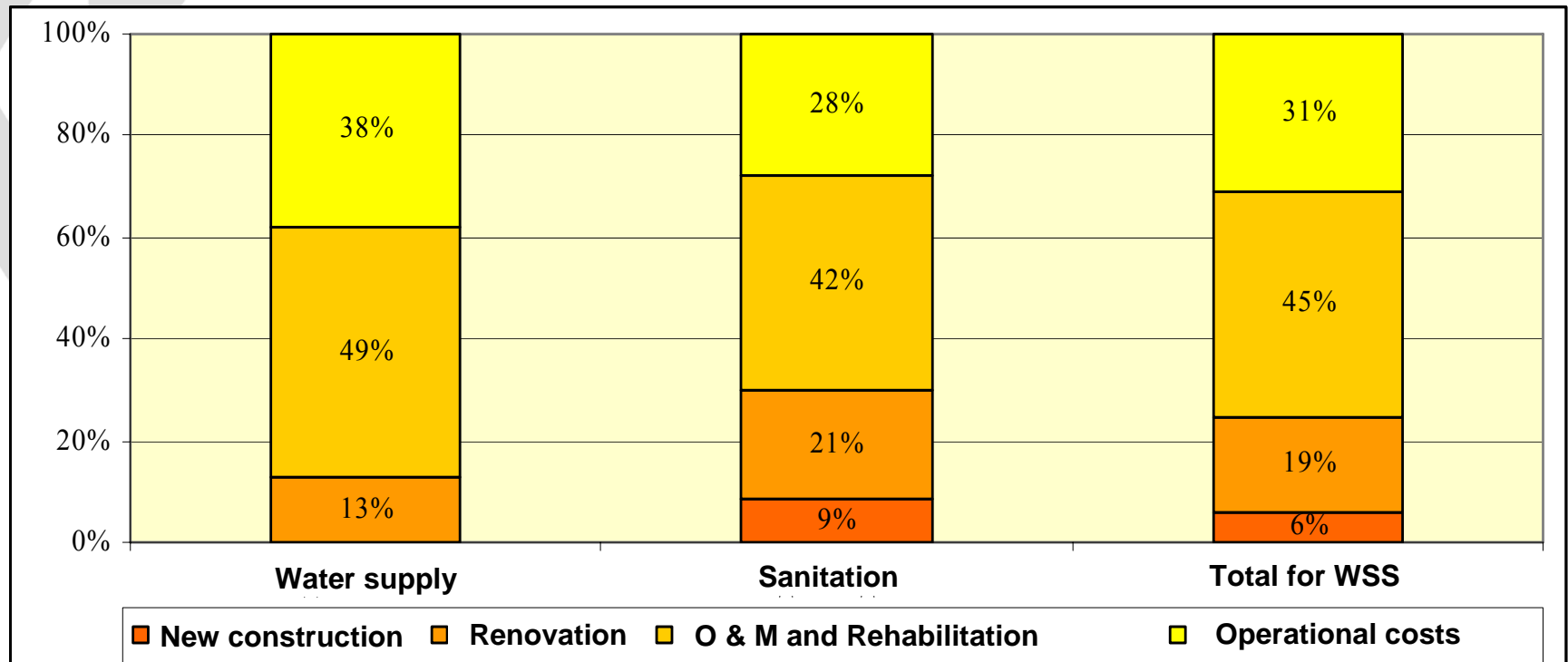
Total need of funding for urban water supply and sewerage utilities for 2002-2015 according to the Development Scenario

(billion Dram reflected in 2002 prices)




Required Funding - structure

Structure of required funding for WSS for 2002-2016 (by sectors)



Key elements of the Minimal Water Supply Standards

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1. Water quantity – volume, in litres per capita per day;
 2. Distance – distance to the water source, availability of in-house or yard tap, or water delivered from distant sources by tanker-trucks;
 3. Quality – chemical and biological contamination, taste, colour, odour etc).
 4. Service quality – pressure, duration of water supply/ water supply schedule




Service level and quantity of water collected

| Service level | Distance/time | Likely volumes of water collected | Public health risk from poor hygiene | Intervention priority and actions |
|----------------------------|--|--|--|---|
| No access | More than 1 km / more than 30 min round-trip | Very low - 5 litres per capita per day | Very high Hygiene practice compromised . Basic consumption may be compromised. | Very high Provision of basic level of service Hygiene education |
| Basic access | Within 1 km / within 30 min round-trip | Average approximately 20 litres per capita per day | High Hygiene may be compromised Laundry may occur off-plot | High Hygiene education Provision of improved level of service |
| Intermediate access | Water provided on plot through at least one tap (yard tap) | Average approximately 50 litres per capita per day | Low Hygiene may not be compromised Laundry may occur on-plot | Low Hygiene promotion still yields health gains Encourage optimal access |
| Optimal access | Supply of water through multiple taps within the house | Average 100 - 200 litres per capita per day | Very Low Hygiene may not be compromised Laundry may occur on-plot | Very low Hygiene promotion still yields health gains |

Source: Howard & Bartram (2003), referred to in WHO (2006)



Definition of minimal water supply standard

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- all rural inhabitants should have regular access to quality drinking water via centralised water supply systems, or from individual sources (protected wells, springs, boreholes and surface water or water tankers);
 - the minimal amount of water should be 50 lcd;
 - the distance between the water supply system and the consumer's dwelling should not exceed 100 meters
 - The MWSS should be achieved by 2015
 - increase the share of the rural communities with centralised water supply to 70%
 - regularly supply of currently non publicly supplied rural consumers and settlements with at least 50 lcd and at a maximal distance of 100 meter.



Extending Finance Strategy to rural WSS

- Targets set in PRSP and MDGs and government policy regarding rural WSS (in Armenia some 60% of population is rural)
- Complex issue, because till recently the Government:
 - lacked data on status of WSS infrastructure and services in some 850 villages outside the service area of water utilities;
 - institutional gaps.

Financial dimension: under the Baseline scenario expenditures for rural WS in Armenia estimated at about **AMD 2 billion per year** (compared to some **AMD 30 billion** for urban WSS , in that:
(1 € = 480 DRAM)),

- About 40% - O&M, 60% - re-investments,
 - About 50% - by water utilities, the rest by rural communes
- ➔ ***Implementation of a Finance strategy for rural WSS will be more an institutional and managerial than financial challenge***



Role of the NPD on Financing WSS

Facilitate implementing the government policy by assisting in:

- Setting realistic sector development targets
- Developing and implementing a sound finance strategies
- Identifying priority policy measures and priority investments
- Formulating minimal water supply concept
- Building awareness, ownership and capacity





THANK YOU

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