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Partnership and Local Governance in Romania

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September 2008

Online at <https://mpra.ub.uni-muenchen.de/18906/>
MPRA Paper No. 18906, posted 30 Nov 2009 07:42 UTC

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Introduction

Defining the principles of functioning for society, distributive emphasising the competences for spheres of governance, the relations of operation and representation of the government at various administrative levels, provide to the public administration the attribute of reforming the public sector.

As subsystem of the global social system, public administration has got powerful political, social, economic, cultural determinations, being in a complex connection with its environment.

The preoccupation of the executive powers to transform administration into a « service » under the requirements of the market-type mechanisms and the public into the market actor, «the customer », aiming to meet the public interest, to size in a genuine way the public need, to reduce the administrative burden and to increase the public service quality represent causes of change and premises of public sector reform started in the last decades of the 20th century.

We witness experiments and good practices of decentralization from the central to the local level, or shifting the authority to local or lower governance levels.

In this context, we remark the positioning of local governance on advantageous positions for the citizen, community, closer to local needs and interests, i.e., very suggestive are the approaches: „open administration”, „administration controlled by community”, „decentralised administration” or „anticipative administration”.

On the background of applying the principles of effectiveness and efficiency, subsidiarity, local autonomy and decentralization, the national governments *resize* the intergovernmental relations with local level. In the context of public service development, the application of the other principles, such as accountability, participation, devolution etc. leads to changes of the borders of the public sector towards the local levels, private and non-profit sectors, groups of local communities or customers. We assist at adopting the instruments used by the private sector in order to deliver the activity more efficiently, entrusting some services of public interest to organisational structures, situated on other levels than the national one, such as the regional, local levels.

Coordination and adjustment of policies to the local conditions, participation of society and business environment to achieving local public services represent the attributes of local governance, expressed in accomplishing some forms of association between institutions from the public sector and organisations from the private or third sector, association of „decisions, public and private means within the same action system, aimed to meet simultaneously the consumers’ and citizens’ expectations”, or within an agreement between two or more bodies, in view to achieve an objective with positive impact on the local development and local labour force market.

The relations of partnership between authorities and the local actors are required by the success and improvement of the local governance.

The promotion of the partnership between public authority/power and the private partner enables to the former to redefine its role from owner and operating entity to regulation and control entity. This role will enable to the public authority/power to focus on its prerogatives, to promote efficient services, to identify the exigencies of the public service, to orient on meeting the demand and respective costs, thus to ensure a „social profit”, awarded by the social dimension of the public service. Therefore, in this concept

the local authority assumes co-responsibility and co-property in provision of public services together with the private sector.

I. From traditional to innovation

The studies and analyses demonstrate that the public sector, sized as a multiform sector is the „generator” of weak performance, the public services are not innovative, not enough flexible, they are over-regulated, too slow and they are not customer or citizen-oriented; the organisational structures typical for the public sector – such as the forms of hierarchical organisation, the bureaucratic structures – are rigid.

The traditional public service imposes through stability and rigidity, while the practices of the private sector favour innovation, flexibility, adaptability and change (Table 1).

The need to introduce the theories and practices used in the private sector in view to increase the quality of the public services, to reduce the budgetary allowance for the public services, to be citizen friendly, to increase efficiency and effectiveness of the public sector is supported by « good practices » from developed countries.

Table 1: *Public and Private Sector Features*

<i>Public Sector</i>	<i>Traditional Approach</i>
<ul style="list-style-type: none"> • public choice • the need of resource budget allocation • public action opening • monopole • public markets • single public supply sovereignty 	<ul style="list-style-type: none"> • anonymous client • service standardisation • advertising undifferentiated on client/service segments • dialogue with the user • market segmentation • local community = target group
<i>Private Sector</i>	<i>Managerial Approach</i>
<ul style="list-style-type: none"> • personalised/individual choice on the market • demand and price • opacity against public action • market equality • market satisfaction • competition • client sovereignty 	<ul style="list-style-type: none"> • “segmented” personalised client • Personalised supply • Individual advertising • Dialogue with the client • Client segmentation • Niche

The architecture of local partnerships and new forms of local governance based on the methods „lent” from the private sector, are complex and subject to the pressure of the change such as: political mandate, accountability, performance, funds allocation, decisions, rules and laws. The models promoted by developed countries can be considered experiences (OECD, 2001; 2003;); they differ from a public service to another, from a city to another, from a country to another, requiring contextual, cultural, economic, social adaptations. There is no unique solution or a single model that could be reproduced.

II. The Public-Private Partnership

The concept of public-private partnership was developed on one hand due to the need to stimulate the private investments in developing the internal infrastructure of the towns in the 1960s in United States of America (Fosler, 1986:364-365), and on the other hand due to the need to support the local communities in order to solve the problems specific in the

area of public utility services in some European states in the beginning of 1980s (OECD, 2001:15). It became in time an instrument of local governance, representing the pillar of the public sector reforms and public services in many developed countries.

The studies reveal that a large part of the partnerships between the public and private sector are characterised by common elements of conceptuality and operation, specifying the own framework for their development, different from one country to another; this framework is defined by: cultural environment and traditions, an own political-administrative system (Pollitt and Bouckaert, 2004).

The specialised literature provides a series of definitions for partnership. The partnerships, in their conceptual development, have suffered transformations concerning the contents of activities, number of partners, occurrence of new institutional structures to define the problems of coordination – horizontal (between partners) or vertical (between partners and central governance) –, to establish the partners' roles focused on capacity of managerial innovation of partnership or those related to assuming the risk.

Nowadays, we recognise the partnership as a cybernetic system, with inputs and outputs taking into consideration the fact that it is a genuine functional concept based on a relation of association between minimum two actors, representatives of the two sectors, public and private sectors, aimed to participate in solving the problems of the local community (Matei, 2000; OECD, 2003).

Developed as structures powerful in time, we can emphasise the following common features of the public-private partnership:

- It is based on realist, clear objectives, supported by well formulated strategies, demonstrating the compliance to the realities of the economic local environment, to resources and markets of services and local public goods, revealing strengths and weaknesses of the local community.
- The term related to projection of the life cycle for public-private partnership is marked depending on long term local resources (human, financial, physical-material) of the local community;

The specialised literature provided a series of definitions for the partnership, characterised by a certain typology of the partners and own management. Linder (1999) identified six different meanings for the term of public-private partnership:

1. as a management reform;
2. as a problem of conversion;
3. as a moral regeneration;
4. as a changing risk;
5. as restructuring of the public service;
6. as a shared power.

The local partnership is characterised by the relation of association that could be established between the actors of local development, defining their part of contribution and participation to problem-solving in the local community. Understood as an agreement of preferential cooperation, the partnership imposes the consensus between different types of public, private organisations.

The formal partnership is based on a contract, a form of association or another structure that formalises the activities of the partnership. The chosen structure identifies:

- roles (attributions, tasks, competences) and actions for each partner;

- each partner's contribution to achieving the partnership objectives (human, natural, financial resources, etc.);
- working procedures and achieving the partnership balance;
- way of communication and partnership management;
- distribution of risks and benefits between partners.

The chosen structure should not limit flexibility. It should reflect the capacities, responsibilities of each partner in the legal context (*Law no. 215/2001 on local public administration*).

The representativeness and functionality of the partnership offer an open character, expressed at the level of the relation of association between partners, who jointly accept, based on empowerments, to have dialogue on problems of joint interest, contributing to solve them in the benefit of the community. We understand the common character, on one hand through representativeness of the partnership for local community: actors of the local development – representatives of administrative, intermediary and microeconomic level, through promotion of the strategies integrating the aims of the local development for the partners, and on the other hand, through a constructive, positive, cooperative atmosphere inside the partnership (Matei, 1999:97-103).

The good operation of the partnership means to achieve the exchange of information and cooperation, based on the hypothesis that there is wish to have open dialogue, to negotiate, to be flexible in dialogue, to create simultaneously a climate of intense interaction, to understand properly the advantages of optimum operationability for the local partnership system.

Communication, flexibility and innovative spirit represent the components of a successful partnership. The structure of a partnership can be formal or informal. The partnership with an informal structure will be based on trust and non-contractual agreement between partners.

The decision at the local partnership level means collective consultation and confrontation, as well as individual contribution in its application. It is based on a very large volume of information, with economic, technical, social components etc.

The public-private partnership is well operating where there is an explicit political commitment about the private sector involvement in public sector projects on making efficient the latter etc. It can be an instrument to finance investments when the private sector is involved, beyond the public property.

The advantages of the public-private partnership (EC, 2005:11-12):

1. easier access of the public sector to qualifications of the private sector, responsible within the partnership with provision of public utility services, more efficient, effective, with lower costs;
2. assuming some risks by the private sector, which traditionally would have been under the incidence of the public sector – public procurement;
3. responsibility of a single decisional centre – respectively the agent from the private sector, accountable for service provision, management, financing etc. of the entire package.

III. The Romanian conceptual and legislative framework for local governance

We interpret local governance as the process by which the local authorities situated at another level than the national or central one, exert the executive prerogatives at local

level, according to the law. The significance of the term of local governance differs from a state to another; it is frequently used in the relations focused on exerting the powers at the level of provinces, regions, departments, counties, prefectures, districts, towns, municipalities, communes. In Romania¹, *local governance*, represented by the 42 counties including Bucharest Municipality that has the rank of county, 319 municipalities and towns and 2851 communes, is responsible for provision of local public services, identified as real needs of the local communities.

Decentralisation as *transfer of administrative and financial competence* from the central public administration level to the local public administration level or private sector (*Law no. 195/2006, Law- Framework of decentralisation, art. 2 (l)*) represents a system of managing local, commune, town or county interests, by authorities freely elected by the citizens of the respective community.

Human communities or public services are self-governed under state control, according to the law (*Law 51/2006 on community services of public utilities.*). In Romania, *territorial administrative* decentralisation is based on a community of „public interests” of the citizens belonging to a territorial-administrative unit, „recognising the local community and the right to solve its problems” and *technical and financial* decentralisation of the public services, namely transferring the services from the „center” to local communities, aimed to meet social needs.

The *decentralisation* process has represented also the beginning of a process to create and strengthen new forms of *dialogue* between central and local administration, represented by the Federation of Local Authorities in Romania (FALR), professional administrative corps or other associative structures of local governance authorities (ACoR-Association of Communes in Romania, AOR-Association of Towns in Romania, AMR-Association of Municipalities in Romania, National Union of County Councils in Romania -UNCJR), involved in partnership contracts of the local authorities.

Local autonomy refers to organisation, functioning, competences and attributions, as well as managing the resources that, according to the law, belong to commune, town, municipality or county. On the other hand, it represents the right and effective capacity of local governance authorities to solve and manage, on their own behalf and under their responsibility, an important part of public affairs, for the interest of the local communities.

The administration authorities, by which *local autonomy* in communes and towns is achieved, are the elected Local Councils and elected Mayors, in accordance with the law. The County Council is “the public administration authority that is coordinating the

¹ *County* is a traditional administrative-territorial unit in Romania, comprising towns and communes, depending on the geographical, economic, social-political and traditional conditions of the population. *Municipality* is a town with important economic, social, politic and cultural role, with administrative tasks. *Town* represents a human concentration, with administrative tasks, characterised by a life style specific to urban areas, with non-agricultural social-professional structure. *Commune* is an administrative –territorial unit comprising rural population united by interests and traditions, including one or several villages (of which one is commune residence). *Village* is the smallest territorial unit, with characteristics of rural settlements.

activity of commune and town councils”, with a view to carrying out the public services of county interest (*Art. 122, paragraph 1, Constitution of Romania*). The local, county councils and General Council of Bucharest Municipality have legislative functions and they are deliberative authorities on local level.

The ministries and other specialised bodies of central public administration transfer competences (*Art. 4, 5 and 6, Law no. 195/2006, Law- Framework of decentralisation*), currently exerted by local public administration authorities at county, commune or town level.

The local governance authorities exert exclusive competences, shared competences and delegated competences (Table 2). Any transfer of competences without the observance of a minimum set of principles and rules is going to be a failure and it produces effects against the idea of decentralization. The final objective is to integrate the efforts of each ministry within a coherent, systematic and efficient decentralization policy, and law enforcement will lead to an integrated and consistent decentralization process.

The most important requirements that should be accomplished by the factors involved in the transfer process of new competences from central to local level are as follows:

- Transfer of competence is achieved to the closest local governance level, on the condition that it holds the administrative capacity to adequately provide the respective public service.
- Transfer of competence concerning public service provision should be compulsory accompanied by the necessary human, financial, technical, patrimony and informational resources, as well as the rights of decision of the local governance authority related to their allocation.
- The national amount of financial resources allocated to the local budgets for exerting the decentralised competences should be at least equal to the value of the resources used to accomplish the same competences previous to decentralization.
- The local governance authorities are accountable for provision of decentralised public services at quality standards according to the law.
- The establishment of the local governance level to which competences are transferred has to observe the criteria of geographic area of beneficiaries and scale economies.
- The allocation of responsibilities for each administrative level in exerting the shared competences, especially implementation and financing, should be clear and complete.
- The specialised bodies of central governance keeping the right to regulate the decentralised services should implement monitoring systems for provision.

IV. Central-local relations

After 1990, Romania has undergone the process to redefine the role of central administration related to local administration, political and administrative competences delegated to local administration, necessary sources, as well as the performance of decentralisation process and strengthening democratic local governance.

The transfer of competences from central level to communes, towns and counties, and implicitly, the creation of new forms of organisation and coordination of national and

local policies, *decentralisation* of power, authority and decision represent the key elements of public governance in Romania.

Some ministries and central bodies of specialised public administration organise *devolved* public services, most of them with headquarters in the municipality, county residence², where on behalf of the ministry and according to its rules, there are managed the activities belonging to the area of competence in that county.

The only *decentralised public services* are those organised in *communes, towns or counties by local public administration authorities*.

Local governance authorities may be *authorities responsible of public service financing* that provide the funds necessary for public services in their own budget or the state budget. They may be regional operators of public services and *authorities responsible for implementation*, in charge with service provision.

The county council coordinates the activities of commune, town and municipality councils, aimed to achieve the public services of county interest. It has got attributions on economic-social development of the county, management of county patrimony, subordinated public services, etc.

The relations between local governance authorities in communes, towns, municipalities and county governance authorities are based on the principles of autonomy, legality, responsibility, cooperation and solidarity in county problem-solving. There are no relations of subordination between local governance authorities and county council, or between the local council and mayor.

The functions exerted by the local council are established according to the law (*Constitution of Romania, Law no. 215/2001, Law no. 195/2007, Law no. 273/2006*): economic-local development, set up and organisation of institutions and public services of local interest, according to the specificity and local needs, administration of goods of public or private property; the local sectors of Bucharest Municipality, exert also other attributions according to the law or delegated by the General Council of Bucharest Municipality.

At local governance level, it is worth to mention the following successful actions: decentralization (financial- budget, charges and taxes) at local level, accountability of local development policy making, management and provision of public services of local interest; the mechanisms of local governance responsibility, selective modernisation of local governance and development of local policy culture represent issues to be developed.

V. Stakes of the local partnership

The partnership object is to de-multiply the possibility to provide quality public services, gathering the resources from the public and private sectors.

The diversity of the solutions adopted by local public authorities within the framework of the public-private partnership supports the feature of uniqueness of each partnership, the role of the local communities and it confirms the fact that the partnership will not be

² Some devolved public services may also have branches in other large towns of the county.

identified with “the principle of association and division” of objectives, benefits and risks (Matei, 2005).

Ensuring the quality of the public service represents a stake of the partnership. The public authority through partnership seeks an improvement of public service quality and the private operator seeks a partner profit with the invested capital, its competences and risks. While the public power seeks to achieve a service on long term, supported by the power to own public infrastructure and to diminish the public funds for the respective service, the private partner builds the objectives on short and medium term, expressed by the tasks from the concession contract in the case of concession of the public service of supply with water and sewerage and seeks to maximise the financial gains.

In our case, the public authority has the responsibility to offer to the local community a public service in a network and a private operator can ensure the economic provision of the service. This type of public services is developed on local level - in our case, sectors of Bucharest Municipality and on regional level - Bucharest Municipality area, providing the ideal model for management delegation.

The achievement of the public-private partnership means the existence of a stable „action framework”, well defined through an institutional, legislative ensemble, rules and practices with specific role in the development of the concession contract and in regulation.

The regulation may function on two levels: continuous technical supervision and, regulation achieved by a specialised authority, its role is to supervise the contractual commitments, to achieve the statistic comparisons, to provide assistance to the local public power – partner in the contract, to offer support to the public power in adapting the rules and the institutional framework, necessary for a good development of the public-private partnership.

The capacity of adaptation and flexibility of the „action framework” should react at a changing reality, in the case of an unexpected event, most often the laws are changing.

Water – important social stake. The control of the public authority/power on the water resources is compatible with a delegated management of the services of water and sewerage. The public power remains the owner of the installation and it delegates the service, on a determined period of time and grants the right to use the respective infrastructure. The controls specified to be achieved continuously for observing the rules of quality and standard levels concerning the public service of water and sewerage complete the contents of the contracts with the private partner.

Any contract has risks for the partners, the risks may be limited and distributed between partners. We identify these risks in the following stages:

1. conception of the contract;
2. construction;
3. development.

The risks have got political, economic, financial, legal, macroeconomic features. They should be distributed between the partners during the whole period of the contract and diminished, the partners of the contract interfering whenever it is necessary.

From the public monopoly to the private monopoly. Through the concession contracts for the public service, the public authority takes the risk of not observing the basic principles of the public service: continuity, adaptability, transparency and equal access, encouraging the creation of a „private monopoly” in the provision of a public service. The balanced distribution of the risks remains the core notion of the partnership.

VI. Case study: the partners' profile in the public interest service

VI.1. The general framework of the organisation and functioning of the public service of supply with water and sewerage

The public services of supply with water and sewerage are organised at the level of communes, cities, municipalities or counties under the management, coordination, responsibility of local government authorities (according to the *Law no.51/2006 on communautaire services of public utilities*, *Law no.215/2001 on local public administration*).

VI.2. Stakeholders

The water is not a commercial good, it represents a patrimony that should be protected, approached and defended as such (EC 2000).

The service of water supply represents an indispensable service for the population, without it the comfort of life decreases. The essential characteristics of the service are supported by the existence, in general, of a local monopoly, as the effect of the network and the importance of the local links are making inefficient the functions of the market-type mechanisms. At the same time, the flow of the activities of production, supply and use of this service sustains the thesis that the service meets the conditions of management delegation, allowing a greater economic and technical transparency, and thus a financial risk, easier to be controlled. The control done by the public power on the water resources is compatible with the use of delegated management for the service of water and sewerage, the public power remaining the owner of the infrastructure and delegating only the service, granting to the private company the right to use the respective infrastructure on a determined period of time.

It is well known the fact that at the beginning of the 1990s, the management delegation in the area of water and sewerage has developed on a large extent all over the world. International institutions, especially the World Bank, have supported it, fact confirmed also in Romania case, by co-financed programmes, assistance granted to preparing actions concerning concession of the service of water and sewerage or those for concluding the delivery of the concession contracts.

In Romania the situation is described below.

According to the data of the last census in 2002, from a total of around 21.7 million inhabitants, 14.7 million persons benefit of drinking water (68%), out of which 11.3 million persons in the urban area (77% of the population supplied with water and 98% of the urban population) and 3.4 million persons in the rural area (representing 23% of the population supplied with water and 33% of the rural population).

Observance of the main principles of the public services that ensure their common regime: continuity, equality, mutability, establishes and guarantees the fact that they meet the public need/public interest expressed by the citizens. The stakeholders in functioning and achieving with conformity this service at the level of Bucharest Municipality are emphasised in the matrix of the stakeholders, namely political, economical, social, technological, environmental factors (table 3). Thus, there are factors with global responsibility (involved ministries - environment and water management, finance, health, authorities of local government) or partial responsibility (private economic agents, citizens, NGOs) in water resources, approaching all the legal and regulation problems and aspects, both on qualitative and quantitative level, with responsibility in economic, financial areas, investments, tariffs and charges, development strategy etc.

Table 3. *Matrix of stakeholders*

No.	Stakeholders	Their role in public services	Impact of concessions on stakeholders	Stakeholders' influence on the public service of supply with water and sewerage								
				Laws	Management	Charges Tariffs	Investment	Water supply	Quality	Preparing pcc	Implementing pcc cc	Evaluating pcc cc
1	GCBM Local Councils	Organisation, Coordination, Management	5	5	5	3	4	5	5	5	3	3
2	GRWB	Organisation	5	2	4	4	5	5	5	5	4	3
3	SC Apa Nova Buc.		5	1	4	3	5	5	5	1	5	4
4	MESD	Organisation Control Strategy for water resources	2	5	5	3	2	2	4	1	1	2
5	NARW	Managing the water resources	5	5	4	3	2	4	4	3	3	3
6	RAW		4	3	3	3	2	4	5	3	3	3
7	MEF		4	5	2	2	2	1	1	2	2	2
8	MIAR	Analysis, Decision, National Strategy of communautaire services		5	5	2	2	1	4	4	4	4
9	MPH		2	4	4	2	2	1	5	3	4	4
10	NARCSPU	Set up Organisation Coordination Control Self-regulation	5	4	5	3	3	4	5	5	5	5
11	MT		2	4	3	2	3	1	2	2	3	3
12	Assoc. of owners		4	2	1	1	2	1	1	2	3	3
13	NGO		3	3	1	3	2	2	1	2	3	3
14	ARSLWC	Regulation Monitoring	5	3	3	4	2	1	5	4	4	5
15	NACP		3	2	2	4	2	1	3	3	3	3
16	Citizens		4	2	1	1	2	1	1	2	3	3

Legend:

- GCBM- General Council of Bucharest Municipality; GRWB - General Regies of Water Bucharest; MESD- Ministry of Environment and Sustainable Development; NARW- National Administration Romanian Waters; RAW - Romanian Association of Waters; MEF - Ministry of Economy and Finance; MIAR- Ministry of Interior and Administrative Reform; MT-Ministry of Transport; MPH - Ministry of Public Health; NARCSPU- National Authority of Regulation for Communautaire Services of Public Utilities; NACP- National Association for Consumers Protection; ARSLWC- Agency for Regulation of Service Levels Water - Canal in Bucharest Municipality.
- 1 corresponds to a low level and 5 corresponds to maximum level
- project of the concession contract (pcc)

VI.3. A public private partnership in the center of the public service supply service of supply with water and sewerage in Bucharest Municipality

VI.3.1. Normative dimension

We should accept concession as the relation developed between the public and the private sector, on a limited period of time with horizon on medium or long term; this relation is based on granting or entrusting an activity of the public or private sector. This relation is legitimated through a contractual arrangement on the basis of the general and specific laws for the area of activity. The two parts of the contract, the conceder and the concessionaire establish their roles, share the risks and gains, turning into account the expertise, competences for the success of partnership in the public service.

The contract for concession of services holds the characteristics of an usual contract of services, the difference consists in the fact that for the services provided, the contractor, as concessionaire receives from the contracting authority, as conceder, the right to exploit the services on a determined period of time.

The legislative framework of the contract : Constitution of Romania, Law no. 69/1991 on local public administration, Government Decision no. 597/1992, Law no. 213/1998 on public property and its legal regime, Law no. 219/1998 on regime of concessions.

VI.3.2. Initiating characteristics

In this general framework, the public-private partnership in the water area at the level of Bucharest Municipality has been achieved through a *concession contract* (table 3), where we identify three main actors: **the conceder**, **the concessionaire** and **the consumer**, with distinct and interdependent responsibilities and roles. The stakeholders in provision of water service, having also the quality of partner in the contract of concession in this case are presented in Table 4.

- a. *The tender process* was organised according to the decisions of the General Council of Bucharest Municipality (GCBM) and provisions of Law no. 219/1998 on the regime of concessions, the *tariff being the unique selection criterion*.

Table 4. The stakeholders of the public service of water supply and sewerage

Name	Description	Role	Power and influence	Objectives
SC Apa Nova SA	The company assigned with water supply and sewerage in Bucharest (subsidiary of the French company Veolia Water). This company has won the auction for RGAB privatisation	The company dealing with the water and sewerage service management.	High	Water supply and sewerage in Bucharest
RGAB	The former water and sewerage company in Bucharest	The former company dealing with the water and sewerage service management.	Before becoming Apa Nova, it held the monopoly in Bucharest	Water supply and sewerage in Bucharest
Companies	Different companies of the Town of Bucharest. Before disbranching, the companies with large debts were state-owned.	Consumers	Medium. Some companies consider that the delivery-notes are incorrectly computed	Rebranching
End users	Users in Bucharest, without the lodgers associations	Consumers		Rebranching
Lodgers/ owners associations	People associations	Consumers	Social groups with a weak influence	Rebranching
Bucharest municipality	Generic title signifying the involvement of Bucharest Town hall and its other stakeholders	Supervising the processes	The highest	The quality of the water and sewerage service
The General Council of Bucharest Municipality	Council whose members are the parties' representatives	The institution with the highest role; it deals with supervising the processes. The council has a veto right on some Apa Nova decisions. It also represents the Municipality that owns the infrastructure.	Veto right on some Apa Nova decisions.	Improving the citizens' quality of life. Guarantying the service quality. Supervising the prices.
The Mayor of Bucharest	The most important person in the town hall	He led the meeting with Apa Nova and he is the person with the biggest influence	The most influential person, he has the right to decide upon some EU funds.	Quality services for the citizens.
International Finance Corporation	Organisation belonging to the World Bank, promoting the investments in the private	Consultancy form the World Bank on Municipality request. Its recommendations	Support from the World Bank.	Ensuring transparency.

	sector in the developing countries.	were made in the form of a written report.		
National Authority of Public Service Regulation	Public institution of national interest with its own legal status, being under the coordination of the Ministry of the Interior and Administrative Reform.	It regulates, monitors, and controls the community service management.	Direct access to Government's decisions	Ensuring the legal framework for a good development of the field activities.
Competition Office	The Competition Council was created by the Romanian Government as an authority supervising the competition and transparency law abidance.	Supervising the prices, investigation work, supervising the prices established by contract, monitoring and reporting.	Direct access to Government decisions	Auction transparency
ARBAC	The agency was created in order to supervise the abidance of the contractual clauses by Apa Nova	The agency handles the regulation and supervising water and sewerage services	Power over the local decisional processes	Implementing the clauses stipulated by contract, especially of the "service levels"
The Federation of the "Water and Sewerage" Free Labour Unions	Labour union federation that gathers all the labour unions of the Apa Nova employees	The representative of Apa Nova employees	Pressure measures (strikes, etc.)	Good working conditions and appropriate salaries.
Veolia Water Group	The French Company that acquired 83.69% of Apa Nova	Responsible for the administration of the water supply and sewerage	The chairman and managing director of Apa Nova is a representative of this company.	Profit
International Water Ltd	International Water Supply Ltd. (IWS) is an organisation active in the water field.	Specialised in the assessment, process design, building, management and maintenance of water supply.	Poor. Is has lost the auction.	Financial profit.
Suez Lyonnaise des Eaux	International company from the water field, with headquarters in France, but with international activity.	Process design, building and administration of public utility systems (water, gas, electricity)	Poor. It has lost the auction.	Financial profit
The board of management	The Apa Nova board of management with 7 members as managing directors	Taking decisions concerning the interests of Apa Nova	Very high	Company management
RADET	Autonomous Administration of Thermal Energy Distribution – supply and delivery of domestic hot water and thermal energy.	Consumers	High. Due to the monopoly it holds in the field.	Supply of thermal energy

	It could be rebranched even if it did not pay its debt.			
Mass media	Papers, radio, televisions, Internet	Public information concerning the decisional process and fares.	Not very high.	Public report.

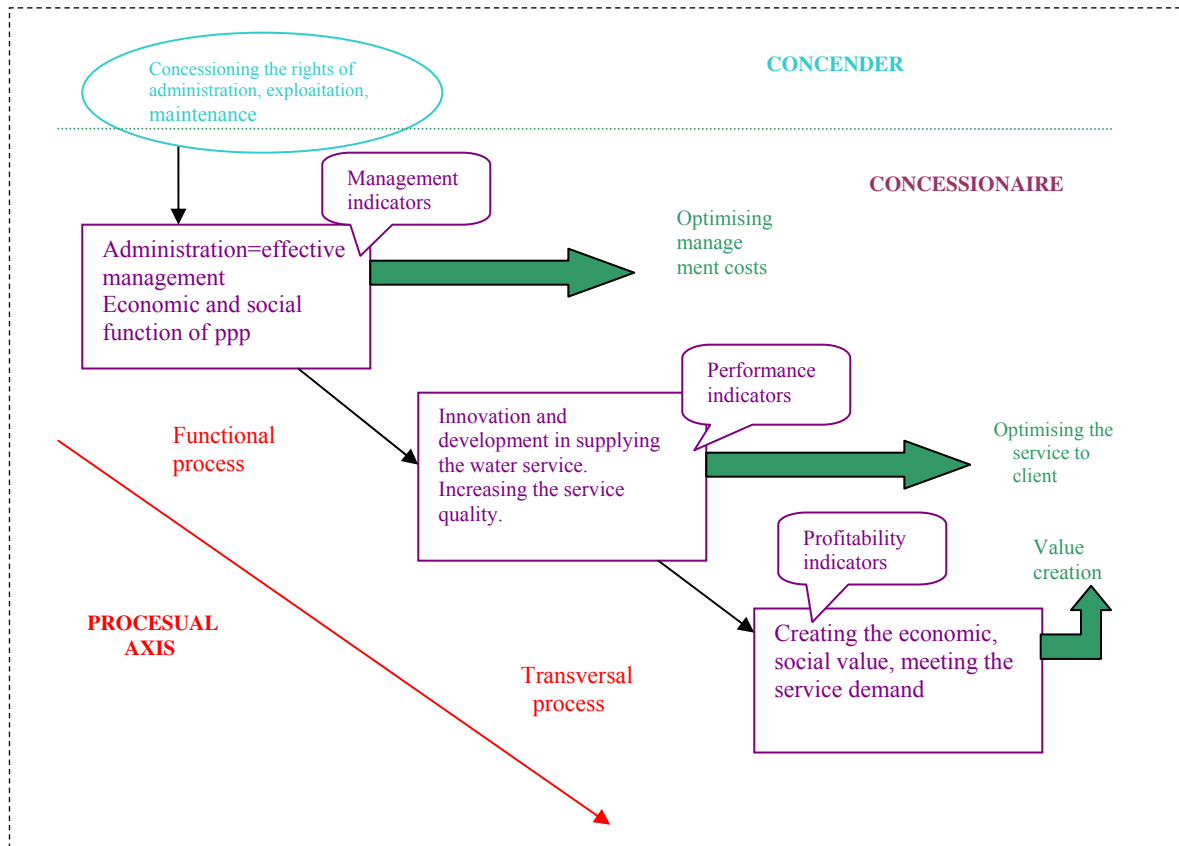
b. The partners of the contract of concession:

1. *The public sector*, represented by Bucharest Municipality through the General Council of Bucharest Municipality (respectively the General Mayor of the Capital), as **conceder**. **The conceder** represents the local public authority, which grants concession (*gives*) the rights of administration, exploitation, maintenance, etc., of the public goods belonging to the system and represents their owner.
2. *The private sector*, represented by the Commercial Company Apa Nova Bucharest S.A., (respectively the general director) as **conceder**,

and the General Regies of Water Bucharest - which was managing the service of water supply and sewerage before 11 November 2000, the moment when the contract of concession with S.C. Apa Nova Bucharest S.A. became valid. **The concessionaire undertakes** the rights and obligations of administration, exploitation, maintenance, development, for the granted services. It manages the goods in public property and it is not their owner. The concessionaire, in this case S. C. Apa Nova Bucharest S.A. achieves the necessary investments and ensures the operation of the system for supply with water and sewerage.

c. Through the contract of concession it is ensured the temporary transfer of the right for operating the public service of supply with water and sewerage from *conceder* to *concessionaire*, on 25 years, since the autumn of 2000 (Figure 1).

Figure 1. The stages of the development for the public private partnership - concession



VI.3.3. The objectives of concession are provided in the second clause of the concession and may be summarised as follows:

- Reaching the Service Quality Levels, specified at the lowest tariff;
- Modernising the system so that, *inter alia*, the quality of the drinking water and the standards of the used water reach the standards stipulated by the European Union,
- Ensuring the application of the fundamental principles of public services: continuity = water is available to users in continuous manner; adaptability = services should be conform and adapt to users' needs; equality=services should extend to those parts not covered in the area of the service provision.
- Concessionaire's financial guarantee on financing its activity, obtaining revenues further its investment, recovering the costs due to exploitation risks, according to the contract of concession for services. Exploitation risks= availability risk (non-observing the performance and quality parameters of water service, well determined and measurable during the 25 years of the contract) + market risk.
- Avoiding "the monopoly of leading position" by applying some visible mechanisms of regulation.

- Ensuring the enforcement of the standards applicable to environment protection, safety and health.
- Ensuring the efficient exploitation and maintenance of goods in public property.

VI.3.4. Advantages of the Contract of Concession

A. for the users of water service in Bucharest Municipality

A1. Obtaining the lowest possible tariff, provided by the market of ***services of water supply and sewerage***, for a quality of provision at European level (the best possible quality/cost ratio) - stipulated by law for delegating the management/ concession. The basic tariff was consolidated in USD and established for the entire duration of concession, under the terms of Concessionaire's consistent guarantees for assuming the contractual obligations, thus orienting the operator to efficiency in a compulsory manner.

A2. Orienting the operator's activity to clients' provision (service users), changing radically the system, orienting the operator's activity to ensuring the tutelary protection (as revealed by the actual institutional framework of regies). The Contract of Concession is oriented towards *results at consumers*, as the task handbook of the contract is focused on achieving the Service Levels for users.

A3. Establishing the tariff by market mechanisms – it presents on one hand the advantage to obtain the lowest possible tariff, and on the other hand the consistent guarantee of effective accomplishment for the Service Levels; the market procedure to establish the tariff ensures contract stability and maintaining the quality/cost ratio, advantageous for users. It demonstrates the role of the competitive factor on quality/cost ratio in public services and that of market economy in privatising the public utilities in order to generate quality and efficiency.

A4. Guarantee for concrete improvement of service quality, through activities of monitoring and applying some visible regulation mechanisms on observing the provisions of the Contract of Concession and avoiding the Concessionaire's abuse related to the leader position versus users. In this Contract of Concession, it is provided the set up of ARBAC (technical regulation authority for concession), which can decide to give penalties to Concessionaire as well as other correction measures whenever the Service Levels stipulated by the Contract are not respected.

A5. Improving the quality for client information, stipulated in the Contract of concession; the Concessionaire S.C. Apa Nova Bucharest SA (ANB) is obliged to inform fairly the users. ANB has the obligations to present leaflets and brochures in order to facilitate understanding of important aspects related to water losses, counters, invoicing the consume etc.

A6. Ensuring the financial balance of the contract. The Contract of concession (clause 20, annex IV - Tariff) stipulates to ensure the financial balance, protecting the Municipality and the service users versus unjustified tariff increase, as well as the concessionaire versus the illegitimate interventions in changing this balance.

A7. Existence of anticorruption related clauses. The Contract of concession contains clause 42, a premiere in Romanian contractual framework, establishing important correction measures in cases of corruption deeds in Contract accomplishment, measures that can reach maximum penalty, respectively cancelling the contract.

B. for Bucharest Municipality

B1. Relieving the local budget from the investment effort in water area. According to the Contract of concession, the obligations to achieve Service Quality Levels at European standards are achieved by the Concessionaire's own financial effort (ANB), under the limits of the tendered tariff for the whole duration of 25 years, without resorting to financing resources from the local budget. Thus, S.C. APA NOVA BUCHAREST S.A. undertook the tasks and investments instead of Municipality, with maximum efficiency (at a visible and competition tariff). This transfer of tasks leads to two positive aspects:

- The guarantee that S.C. APA NOVA BUCHAREST S.A. will pay attention to controlling the tasks and expenses, in reducing the losses, for the direct benefit of clients;
- The Municipality is free to initiate new projects, as it is not obliged to invest in water and sewerage services.

B2. The guarantee that the services will be exploited and improved with maximum efficiency, determined by the limit of the consolidated tariff at the tendered value, on the whole duration of concession, at the same time with a *result* – oriented contract by measuring *the operator's output indicators*, as well as the private operator's interest to obtain profit, conditions motivating the concessionaire to achieve maximum efficiency. The guarantee of good execution, as well as the professionalism, experience and fame of the group controlling the concessionaire company, represent important guarantees for efficiency.

B3. Ensuring protection, rehabilitation, maintenance of the granted public patrimony. The contract stipulates steady obligations for recording, maintaining and replacing the public goods and *transfer obligations* to Municipality at the end of concession, under normal conditions of operation; these obligations are lacking, being without any guarantee in the institutional framework of most country operators (in case of regies).

B4. Introducing clear responsibilities, easy to be monitored for the operator and high penalties for non-conformance. The contract of concession stipulates guarantees for good execution up to 20 million Euros and penalties for non-conformance up to 5 million Euros per year, all these issues lacking in the current management practice of regies (not privatised), providing public services in Romania.

B5. Ensuring transparency and objectivity for monitoring. The statute of the Technical Regulation Authority (ATR) stipulates conditions for transparent, objective and responsible operation of monitoring the results of concession; The Contract of Concession comprises concessionaire's obligations for public information (clause 13.2).

VI.3.5. *Organisational characteristics*

S.C. Apa Nova Bucharest S.A. (ANB) is a commercial, private, on shares company, set up according to the Law 31/1990, by Vivendi Group in 1999 (the subsidiaries of the Vivendi international group ensure water distribution or sewerage in other European capitals: Paris, Berlin, Prague, Budapest, London etc.).

The social capital is divided into 5,349,746 nominative shares, the main shareholders are: Veolia Water (83.69% shares). The representation of City Hall of Bucharest Municipality in the private dimension of the partnership consists in 16.31% shares held by Municipality in S.C. Apa Nova Bucharest S.A.

3.5.1. The main object of activity: water resources management, treatment and distribution to the population.

3.5.2. Portfolio of the services:

1. General services: supplying drinking water in Bucharest Municipality; supplying industrial water; evacuating the used water, meteoritic waters, some surface waters and water from drainage tubes on the territory of Bucharest Municipality.
2. Specific services: water collecting, treating, transport, depositing and pumping; achieving physical - chemical, biological and bacteriological analyses of drinking water, industrial water and water for sewerage; achieving the works of branching and coupling; replacing the counters of cold water; repairing the damages at the public water network for water supply; maintaining the public network of sewerage; washing and cleaning the canals; washing away the canals and draining tubes; repairing and replacing the canals; emptying.

Target group: Bucharest Municipality, over 2 million inhabitants.

3.5.3. Characteristics of autonomy:

a. Financial autonomy

The tariff of services is established in USD for the 25 years of concession, through international public tender, where the tariff represented the unique selection criterion. The tariffs were validated by GCBM at the same time with the tender result, by Decision no. 85/2000. The tariff adjustment is subject to very strict rules imposed by the Contract of Concession and Government Decision no. 1019/2000.

The offer was not based on governmental subsidies or other non-reimbursable subsidised financing forms, except the commitments undertaken by Municipality and Government of Romania within the framework of the World Bank on going project.

The tariffs took into account the maximum **macroeconomic risk** specific for our country and distribution of the cost generated by the **risk of concession**, of the main loans for financing the concession in Romania.

The concessionaire's tariff reflects the investment expenses and operating expenses associated to the service quality levels. Increases of the tariff can be justified only by inflation and Municipality requirement for new works

The Municipality requirement for new works determines extraordinary positive adjustments for tariff, the achievement of investments in the concessionaire's

responsibility area determines extraordinary negative adjustments for tariff, aimed to maintain the financial balance of the contract.

These provisions lead ANB in a compulsory manner to direct the expenses towards best provision to clients at lowest costs.

b. Operational autonomy

Investments – At the beginning of the Contract of Concession, the status for water supply and sewerage in Bucharest Municipality required investments, vital for system operation. The Contract of Concession requires the Concessionaire to obtain concrete results, Service Quality Levels, good management for activities and funds, leaving the Concessionaire's freedom and responsibility to achieve the necessary investments in order to ensure optimum working conditions for protection and work equipment, for introducing new technologies in order to support the tough activity of the operational personnel.

Except the finalisation of important investments started by Municipality, namely the water treatment station Crivina, the Concessionaire has thus the obligation to obtain results within the limit of the level for the basic tariff established by public tender; it is not a compulsory investment level, fact enabling a full *managerial freedom* concerning the promotion of high technical solutions. S.C. Apa Nova Bucharest S.A. plans to invest over 80 million Euros in the next three years. The concessionaire has the freedom and responsibility to achieve the necessary investments, to promote high technology solutions.

c. Political autonomy - of personnel: ANB has 2600 employees. From the moment of undertaking the employees from GRWB (according to the obligations of the concession contract – November 2000), their number has decreased, reaching a half for the time being, situation determined by the procedure of outsourcing.

The training, development, motivation and making accountable the employees represent important preoccupations for the company; the employees are sent to training, development programmes according to the contract provisions. Annually, over 1% of the turnover of the company is used for the training programmes.

d. Managerial autonomy:

- pyramidal structure with 1 general director, 1 deputy general director and 2 specialised directors, managing the financial, respectively the operational department. At the same time, the activity is conceived on divisions coordinated by the general director – division of managing the concession contract and communication division, or the deputy general director – division of human resources, division of administrative secretariat, division of contractual and legal management, logistics division. The director of the financial department coordinates the divisions of accounting, finance and IT, the operational department comprises the commercial division, Crivina project, division of quality and environment protection, technical division, production division, networks division and assistance exploitation division.

VI.3.6. *Performance*

“The Service Levels” represent objectives established in the Contract of Concession that should be achieved by Concessionaire. If the Concessionaire does not observe Service Levels, it is obliged to pay penalties.

All Service Levels represent targets in order to ensure service provision to clients, thus measuring the results of concessionaire’s activity, aspect in premiere in Romania, namely introducing the type of result-oriented **contract of delegation/ concession**, specific for public services.

Performance: reaching the service quality levels (SL) specified at the lowest tariff by:

- Quality of drinking water, delivered at branching line at European standards;
- Improving the water distribution and increasing the coverage degree (number of streets);
- Guaranteeing the pressure level;
- Improving the sewerage service;
- Improving the relations with the customers.

A certain level to be achieved (objective standard) and a deadline with a compulsory quality level corresponds to each service level.

VI.3.7. *Characteristics of control*

a. *The control on the development of the concession contract* is made by:

- Municipality through delegation of competences to the Agency for Regulation of Service Levels Water- Canal in Bucharest Municipality (ARSLWC), set up by General Council of Bucharest Municipality (GCBM),
- Authority of economic regulation (Competition Office), with GCBM approval, on the basis of its approved rules.

b. *The control on water quality* is ensured by the Division for Public Health of Bucharest Municipality and ARSLWC.

c. *The tariff adjustments* are under the control of the Competition Office and Commission of independent international experts.

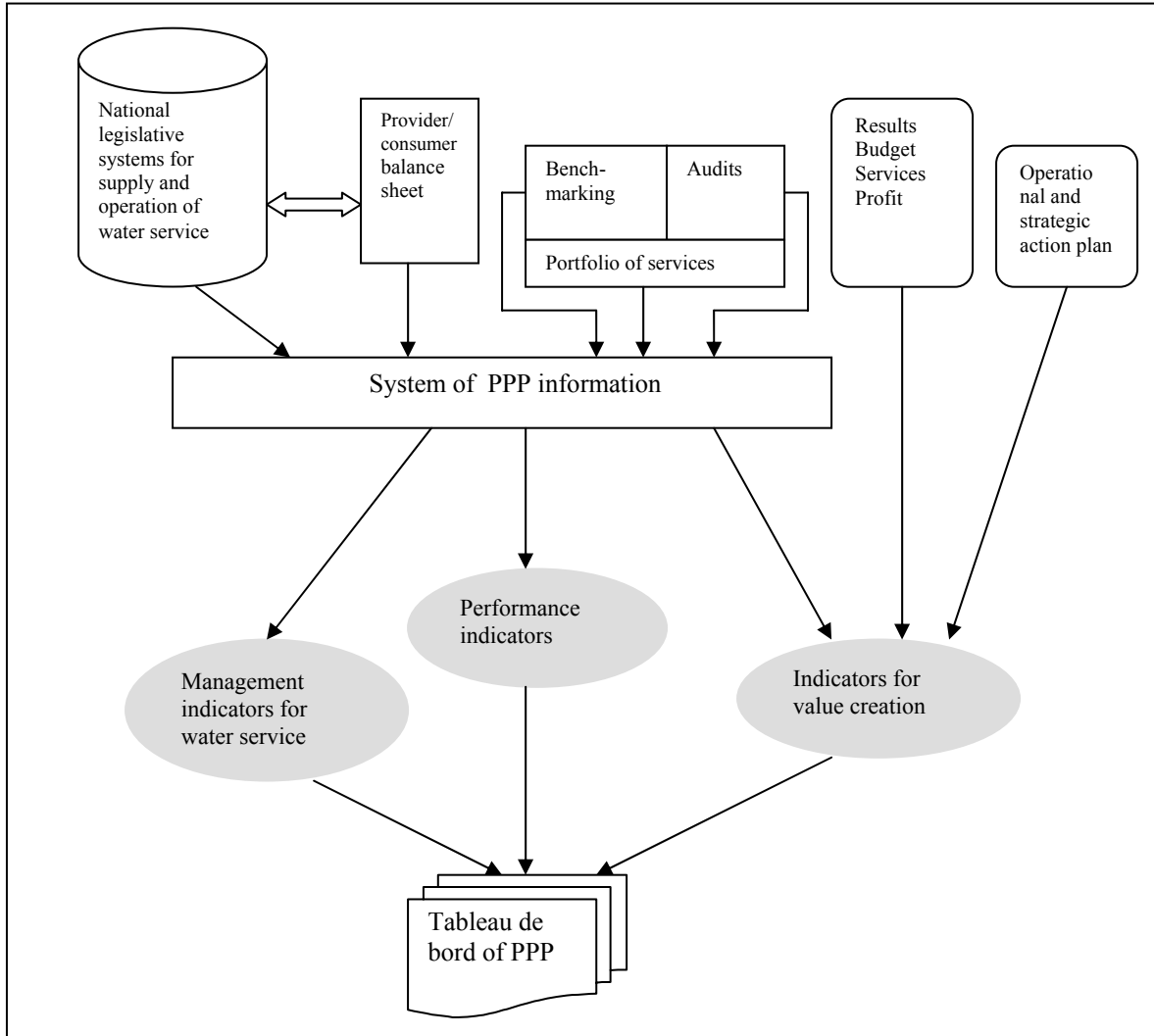
d. *The control on application of the local rules*, standards and legal provisions in force is achieved by ARSLWC.

e. *The relational typology* depends according to the responsibility of the partners and subordination, collaboration degree. In this context, ARSLWC:

- mediates the eventual disputes between the customers and concessionaire,
- notifies the contracting parties about the non-achievement of the obligations for service levels according to the procedures stipulated in the concession contract.

f. *Typology of rules and constraints*: audit, control, non-observance of the service levels leads to payment of penalties by concessionaire, sanctions, reports, results indicators.

Figure 2 Image of information sources



VI.3.8. The stakes of management delegation: observing the principles of the public service and the concession contract

According to the contract, the concessionaire obliges to ensure the principles and essential rules of functioning of the public service approved by GCBM, Decision no. 54/1997 and Decision no. 234/1999 (Art. 3 of ARSLWC Statute):

- continuity on quantitative and qualitative level;
- adaptability to users' requirements;
- applying the same rules to all users;
- ensuring the public health and life quality;
- systematically approach of competition;
- ensuring transparency for users;
- obtaining the best quantity/quality/cost ratio;
- administrative efficiency;

- enabling collaboration with public service providers;
- measuring the service quality on the basis of the quantifiable performance indicators.

3.8.1. *The quality of the drinking water (Table 5) becomes more and more important. The Task Handbook of concession comprises specific clauses concerning the rules of quality that have to be observed and the controls to be achieved.*

The calculation formula:

- for the Objective Standard Level (OSL): ratio between the number of tests in conformity with the provisions of the Romanian standard and the total number of tests that were achieved;
- for the Basic Standard Level (BSL): the average on 3 months of the results of the tests.

The water quality had improved percentages at most of the parameters.

During the monitored period of 5 years since the contract was concluded, the values of the parameters monitored by ARSLWC provide percentages of conformity comparable with the Law on water quality no. 458/2002 (transposes Directive 98/83/EEC concerning drinking water); no events were identified that should represent danger for consumers' health.

Special events due to the climate (severe frost in February 2005) were handled by concessionaire, maintaining the supply with drinking water under relative normal conditions and continuously.

3.8.2. *The principle of continuity applied to the service of supply with water and sewerage is found in continuously provision with drinking water of the customers for 24 hours.*

The quantification of observing the principle is revealed by the value of the ratio between the number of interruptions in water provision with specified duration through the basic standards levels and the total number of interruptions in provision of drinking water.

Table 5. Procedures for measurement, recording and comparing the applicability of the principles of the public service

Measuring Procedure	Recording Procedure	Comparing Procedure
<p>1. Principle of continuity <i>SC Apa Nova Bucharest SA (ANB) registers and draws up reports concerning the interruptions in provision of drinking water:</i></p> <ol style="list-style-type: none"> <i>self-identified by the concessionaire (planned interruptions – that were previously announced with minimum 9 hours before the interruption), or</i> <i>from customers' complaints.</i> <p><i>ANB will analyse all these non-functionalities in maximum 2 hours, and those that are confirmed with interruptions of over 6 hours will be recorded in the register of ANB.</i></p>	<p><i>The concessionaire according to the format approved by ARSLWC through Decision no.16/2003 holds the recordings in the database. ANB reports comprise summary tables presented in the format approved through ARSLWC Decision no.11/2004.</i></p>	<ul style="list-style-type: none"> • <i>Objective Standard Level (OSL)</i> • <i>Basic Standard Level (BSL) approved by ARSLWC Decision no. 31/2002.</i>

<p>For 2004, the SL was maintained over OSL, ensuring alternative provision of drinking water within 24 hours since the interruption of provision for the 2 cases when the interruption of water was longer than 24 hours.</p> <p>In order to evaluate the SL, 3 interruptions of over 24 hours were taken into account, ensuring the alternative provision.</p> <p>2. Principle of mutability</p> <p><i>The coverage with drinking water</i> - length of the streets provided with pipes of distribution, as percentage from the total length of the streets</p> <p><i>The coverage with sewerage</i>- length of the eligible streets provided with networks of sewerage, as percentage from the total length of the streets.</p> <p>3. Principle of equality, informing and consulting the consumers</p> <p>1. <i>Time for approaching the requests of information about invoicing</i>: ratio between the number of complaints received and solved within specific periods of time and total number of complaints received.</p> <p>2. <i>Time for approaching the written complaints</i>: ratio between the number of responses to written complaints sent by mail in less than 10 working days and total number of written complaints recorded at ANB during evaluation.</p> <p>3. <i>Time for answering at the phone contacts</i>: ratio between the number of phone calls with responses given within the time specified in the concession contract and total number of received calls.</p> <p>4. <i>Time for customers' visits (hearings)</i>: ratio between the number of requests for hearing, registered and solved within the time specified in the concession contract and the total number of requests for hearing.</p>	<p>The concessionaire's register includes a detailed data base. The register should comprise the data base and summary tables for each reporting year.</p> <p>Registering all written complaints.</p> <p>The register comprises the data base and summary tables for each reporting year.</p> <p>The register comprises the data base and summary tables for each reporting year.</p>	<ul style="list-style-type: none"> • <i>Objective Standard Level (OSL)</i> • <i>Basic Standard Level (BSL) approved by ARSLWC Decision no. 8/2002.</i> • <i>Objective Standard Level (OSL)</i> • <i>Objective Standard Level (OSL)</i>
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3.8.3. *Principle of mutability* applied to the water service presupposes provisions adapted to the consumers' needs, in a programme of modernisation and technological development. This principle is underlined by two parameters: *coverage with drinking water, coverage with sewerage.*

The coverage with drinking water can confirm the application of the principle of mutability, being measured by the ratio between the length of the streets equipped with networks of drinking water and total length of the streets at the date of the tender.

The coverage with sewerage is expressed by the value of the ratio between the length of the streets equipped with networks of sewerage and the total length of the streets at the date of the tender.

According to the concession contract and ANB data, 169 km of streets have to be equipped with sewerage network before the 10th year of concession. Related to this target, we identify a low rhythm for achieving BSL in the first years of concession, including the 4th year.

3.8.4. The principle of equality, informing and consulting the consumers

The key feature of the public service consists in its capacity to solve the consumers' problems, which benefit on the same extent of the public services.

The concessionaire is obliged to observe the indicators for the Service Levels, although, in some cases the in force legislation is more permissive. For example, the legislation stipulates a compulsory time of reply of 30 days for the written answers to clients' requests. In the Contract of Concession, the objective is between 10 and 20 days.

VII.3.9. Some negative aspects and non-operational issues

- As revealed by the matrix of stakeholders, the local government authorities, local councils – City Hall of Bucharest Municipality, city halls of the sectors are interested to develop the networks of drinking water and sewerage in the municipality, assigning important amounts from the public funds, local budgets. The city halls of sectors have executed from the local budget, after the date of the tender, a great number of works for extending the network of the streets (cumulated data, water and sewerage), works that were in the concessionaire's area of competence, *breaking the contractual clauses* concerning the transfer, requirements of efficiency, effectiveness and economics of investments.
- Based on the analysis of the above presented advantages - A – advantages for the *users of water service in Bucharest Municipality* and B – *conceder's* advantages, we identified some non-achievements or delays in service provision, as follows:

1. for A2. non-observing the contract of concession and Concessionaire's repeated attempts to change its contractual obligations, attempts supported in certain situations by normative and legislative measures, non-favourable to maintaining the financial balance of concession, leading to unjustified increase of service tariff and reduction of service quality to some users.

2. for A4. misusing the full potential as effect of favouring the Concessionaire's illegitimate interests to weaken or even block the correction mechanisms, non-observing the contractual provisions.

3. for A5. The Concessionaire does not ensure the access and right information of the Technical Regulation Authority, turning into account practices to misinform the users.

4. for A6. This important advantage is for the time being seriously affected by breaking the legal provisions and clauses of the Contract of Concession, on maintaining the financial balance of concession.

5. for B2. Neither these guarantees are effective as they are operating only under the conditions of observing the contractual provisions by Concessionaire, fact which is not valid in many situations with significant negative implications for the quality / price ratio for the services provided.

6. for B3. This important advantage of the Contract of Concession is not turned fully into account as a part of this public patrimony for services is not treated as the rest of the system, i.e. the so called „telescopic networks” and „common recorders”, with negative multiple effects on the service quality.

7. for B4. The blockages in the mechanism for contractual penalty have withdrawn responsibility on behalf of Concessionaire, who was thus stimulated to treat easily the citizens’ complaints and ARBAC decisions for regulation.

8. for B5. This advantage was not turned into account on a large extend due to ANB practices to misinform the users and non reasonable attempts to weaken ARBAC authority.

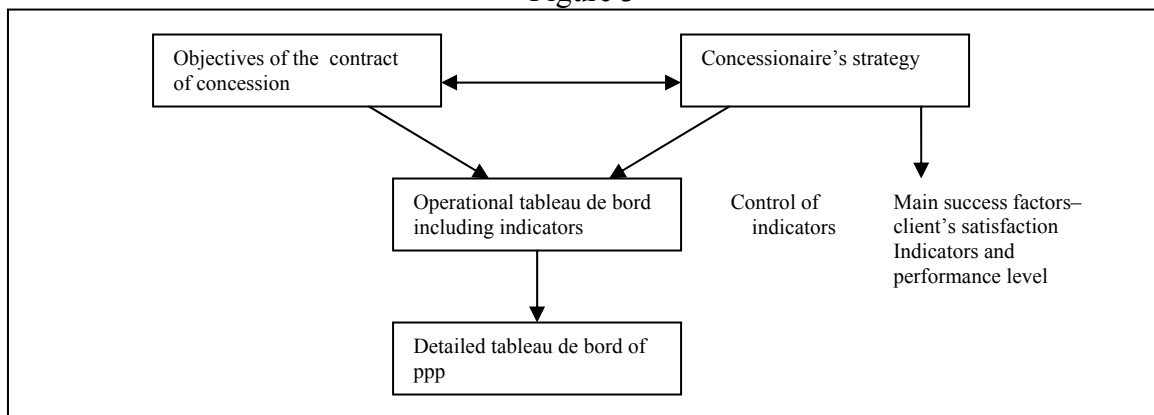
VI.3.10. *Conclusions*

Bucharest has aligned to the level of the European capitals. Delegation of services for water supply and sewerage to specialised private operators represents a trend in the world, enabling to attract private investment funds in the most advantageous conditions for users.

The public – private partnership in the contract of concession for the public service of supply with water and sewerage has advantages both for consumers of this service and Municipality.

Bucharest Municipality disposes, through the partnership with Veolia Water, of the number one world support in urban services and its professional experience in order to improve the services, according to the objectives of the Contract of Concession (Figure 3).

Figure 3



In the public – private partnership, GCBM is the guarantor of the general interest, ensuring transparency in delegating the concessionaire, the contractual objectives, a good adaptation and a better control- ARSLWC.

The public authority/power through the partnership with the private partner sustains the observance of the public service principles, all citizens’ accessibility to the public service

of supply with water and sewerage with acceptable tariffs- 11 cents, the average tariff during concession, under the level of GRWB of around 17 cents.

The analysis on the public – private partnership through the actions of the concession contract of the public service for supply with water and sewerage, underlines for the two partners the following typology of risks: technical, financial, operational, concerning the revenues, macroeconomic, legal, political risks.

The risks are specific for the public power, for example lack of public service performance, other are specific for the private partner, for example non-profitable investment. They are split within the framework of the contract between partners.

The market-type mechanisms use in providing the service and the establishment of the tariff represent elements to obtain a good quality/cost ratio, for the consumers' advantage. The example focused on some indicators of a possible operational tableau de bord (Figure 4) that will be found in the tableau de bord of the public-private partnership (Figure 5), becomes more conclusive concerning the utility of the managerial instruments in the private sector and transfer towards the public sector.

Figure 4 Examples of indicators for the operational tableau de bord

<i>Domain</i>	<i>Objective</i>	<i>Indicators</i>	<i>Year N-1</i>	<i>N</i>	<i>N+1</i>	<i>N+2</i>	<i>N+...</i>	<i>Year 25</i>	<i>Perfor- mance</i>
Financial result	Profitability Reducing the expenses								
Client's satisfaction	Commercial productivity Client's satisfaction	Turnover/expenses Evolution of client satisfaction level during service provision by ppp contract Service quality							
Service provision	Risk management Innovation	Direct and indirect expenses							
Development capacity	Competence Management Performance Management								

The increase of water quality, the service quality and efficiency, relieving the local budget from the investment effort as this is the private partner's task, protecting, recovering and maintaining the conceded public patrimony, the support of a national authority for regulation – ARSLWC, represent only a part of the positive aspects of the public – private partnership.

Figure 5 Tableau de bord for the public private partnership

Nature of measure	Indicators	Year N-1	N	N+1	N+2	N+....	Year 25
Social management	Employment degree Training, development Work accidents Remuneration level						
Performance							
Creation of global level= technical performance + process performance + social performance	Turnover Competences Productivity Economic profit						

The competence of management, flexibility and capacity to adjust to unexpected situations represent the characteristics necessary to the public – private partnership nowadays.

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Table 2: *Law –framework of decentralisation no. 195/2006, Chapter IV – Competences of local governance authorities.*

Competences of local governance authorities					
Exclusive competences			Shared competences		Delegated competences
Counties	Communes and towns	Counties	Communes and towns	Counties	Communes and towns
<ul style="list-style-type: none"> a) airports of local interest; b) public and private domain of the county; c) cultural institutions of county interest; d) public sanitary units of county interest; e) primary and specialised social security services for the victims of family violence; f) specialised social security services for elder persons; g) other competences according to the law. 	<ul style="list-style-type: none"> a) public and private domain of the commune or town; b) road transport infrastructure of local interest; c) cultural institutions of local interest; d) public sanitary units of local interest; e) territory planning and urbanism; f) water supply; g) analysing and filtering used waters; h) public lighting; i) sewerage; j) primary social security services for child protection and elder persons; k) primary and specialised social security services for the victims of family violence; l) local public transport of passengers; m) other competences according to the law. 	<ul style="list-style-type: none"> a) road transport infrastructure of county interest; b) special education; c) medical-social security services addressed to the persons with social problems; d) primary and specialised social security services for child protection; e) specialised social security services for disabled persons; f) community public services for person evidence; g) other competences according to the law. 	<ul style="list-style-type: none"> a) supply with centralised-system thermal energy; b) building social dwellings and for youth; c) state upper secondary education, excepting special education; d) order and public safety; e) granting social aids to persons in difficult situations; f) preventing and managing emergency situations at local level; g) medical-social security services addressed to the persons with social problems; h) primary social security services for disabled persons; i) community public services for person evidence; j) managing the road transport infrastructure of local interest at commune level; k) other competences according to the law. 	<p>Local governance authorities exert competences delegated by central public administration authorities on payment of allowances and fees for children and adults with disabilities.</p>	