

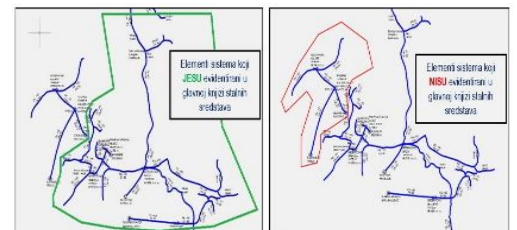
Policy Memorandum 2021

POSITIONS OF AQUASAN NETWORK IN BiH IN THE WATER SERVICE SECTOR

- 1 Ensure full cost-recovery
ECONOMIC PRICES OF WATER SERVICES
FOR SUSTAINABLE SERVICE PROVISION



- 2 Improve communal infrastructure management
RECORDING FIXED ASSETS
IN ASSET REGISTRY



- 3 Enhance capacities in the water service sector
GAINING KNOWLEDGE AND SKILLS
TO PROVIDE QUALITY SERVICES



With the Political Memorandum 2021, Association for Water and Environmental Protection "Aquasan Network in BiH" takes a position on important sector topics.

Aquasan Network in BiH is committed to improving services in the water sector, environmental protection and communal infrastructure in BiH and sustainable development of society on environmental and economic principles.

1 Ensure full-cost recovery

ECONOMIC PRICES OF WATER SERVICES FOR SUSTAINABLE SERVICE PROVISION

Compared to prices of other types of services, which cannot be considered essential and which are based on market / economic principles (e.g. mobile telephony, internet, cable television, etc.), water services prices are still low; hence, a serious shift is needed from the existing practice of proposing and adopting water service prices.



Adoption of economic prices of water services is necessary to ensure full coverage of costs incurred in the delivery of water services, with the aim of ensuring the quality of water services at a satisfactory level.

Adoption of economic prices of water services should be prioritised by decision makers when advocating for policies that will ensure the long-term sustainability of water services.

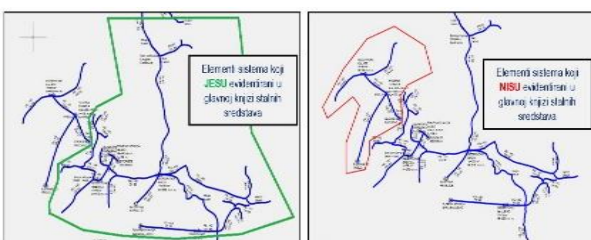
Establishing economic prices of water services is one of main requirements of domestic and international financial institutions when approving grants or credit arrangements to local government units (LGUs) and public utility companies (PUCs) required for capital investments in communal infrastructure development. Sustainability of investments must be ensured through economic prices of water services, which should ensure full coverage of operating costs, including contracted credit obligations.

Aquasan Network in BiH advocate and supports the dialogue of all relevant actors in the process of reforming the water services sector in order to prevent further stagnation of the water services sector with the aim of improving the existing situation and creating the necessary preconditions for the development of the water service sector in BiH.

Economic-based prices of water services (full cost-recovery) ensure:

- ✓ Quality and continuous 24/ delivery of water services at a satisfactory level,
- ✓ Sustainability of water services and sustainability of PUCs,
- ✓ Providing water services to service users at affordable and affordable prices,
- ✓ Transparency - structure of all costs included in the prices of water services is known,
- ✓ Sufficient funds to cover costs of management, maintenance and financing of rehabilitation, reconstruction and expansion of communal water infrastructure,
- ✓ Readiness of LGUs and PUCs to apply for funds made available by domestic and international financial institutions, which require that a price for all water services be clearly defined i.e. its structure be known, based on economic bases, i.e. that full coverage of all costs is ensured through water prices.





2 Improve communal infrastructure management

RECORDING FIXED ASSETS IN ASSET REGISTRY

The complete registry of fixed assets enables the management and disposal of fixed assets in an economical way, with the aim of maintaining the desired level of services that will meet the needs of water service users. In addition, the complete registry of fixed assets is the basis for ensuring funds for their maintenance in order to minimize losses caused by aging or deterioration of fixed assets.

Maintenance of communal infrastructure in BiH is difficult due to the non-existence and/or incomplete registries of fixed assets.

To overcome this problem and ensure a complete record of fixed assets, it is proposed to use the method of making an "auxiliary" book of fixed assets that allows records of fixed assets that are not recorded in the financial accounting of PUCs and for which no depreciation is calculated. Since the "auxiliary" book is only an auxiliary tool, it is necessary to finally register fixed assets in the fixed assets registry and, depending on the organizational form of PUC (doo, dd, ad), implement adequate procedures for transferring fixed assets from the "auxiliary" book into the main book of fixed assets.

The transfer can be performed by one of the following four methods:

- Increase of share capital (entry of communal water structures into the share capital of PUCs),
- Acquisition of funds without charge i.e. "donation" of fixed assets (increase of capital reserves),
- Leasing of communal water infrastructure,
- Conclusion of a concession agreement for communal water infrastructure.

3 Enhance capacities in water service sector

GAINING KNOWLEDGE AND SKILLS TO PROVIDE QUALITY SERVICES

Whilst investments in communal infrastructure are necessary to ensure the provision of high quality, cost-effective and inclusive water services, experience has shown that investments need to be consistently aligned with enhancing knowledge, skills and competencies of LGUs and PUCs.

Introduction of modern management and standards and improvement of the water services sector require capable, qualified and well-educated employees in LGUs and PUCs who are built through quality education and technical training programs so-called capacity development programs.



Capacity development programs purposefully minimize excessive reliance on external experts as sources of knowledge, resources and solutions to capacity shortage problems within LGUs and PUCs. By preventing the creation of dependency relationship on external experts, capacity development encourages employees to take measures themselves, i.e. to create their own resources within LGUs and PUCs as well as the sector as a whole. In addition, it reduces political influence on unnecessary employment, which is often a burden in terms of hiring inadequate and useless staff, but also a large financial burden for business and ultimately the cost of water services.

Aquasan Network in BiH advocates for capacity development in the water services sector, which has been increasingly in the focus of development discourse over the past few years and is an increasingly important development strategy in general. Therefore, Aquasan Network in BiH is actively working on delivering different capacity development programs.





About Aquasan Network in BiH

Association for Water and Environmental protection "Aquasan Network in BiH" is an organization created to respond to challenges in the water service and environmental sector in BiH with the aim of strengthening cooperation amongst relevant sector actors, promoting and advocating joint interests of the sector and enable learning through the exchange of experiences, knowledge, information and good practices as well as contributing to the development of individual, organizational and institutional capacities in the water and environmental protection sector.

Aquasan Network in BiH has been working since 2010, firstly as an informal network and since 2014 as a registered association that works to strengthen its own capacities through the preparation and implementation of projects at the national and regional level. These projects have enabled new partnership, cooperation and coordination with relevant actors from BiH and South-East Europe. In addition to capacity development activities, Aquasan Network in BiH organizes and contributes to events aimed at improving the regulatory and institutional framework of the water service sector at all levels in BiH.

Through these activities and events, Aquasan Network in BiH has become a recognizable actor not only in BiH, but in the whole South-East Europe region. Aquasan Network in BiH has its educated and certified trainers and moderators who through various interactive formats such as training, peer exchanges, advisory services, etc. apply the best standards for adult learning on topics identified by LGUs and PUCs as key topics in the water and environmental sector. In this way, Aquasan Network in BiH continues its development as a competence center that transfers its experience and knowledge to others and, thereby, contributes to the overall improvements of the water service sector in BiH.



Tel. +387 37 228 268



www.aquasanbih.ba



Udruženje za oblasti voda i zaštite okoliša "Aquasan mreža u BiH"

Bosanskih banova 23, 77 000 Bihać, Bosna i Hercegovina



Contact us



RCDN

Regional Capacity
Development Network
For Water and
Sanitation Services



Network of Associations of Local
Authorities of South-East Europe



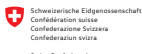
ASSOCIATION
"AQUASAN"
NETWORK IN BSEF



International Association
of Water Service Companies
in the Danube River
Catchment Area



giz



Federal Department of Economic Affairs,
Education and Research (SECO)
State Secretariat for Economic Affairs SECO