

Empirical Approaches of the Public-Private Partnership in the Services of Public Utility



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Abstract. *The paper approaches from a theoretical and empirical perspective the public-private partnership in Romania with special reference to the services of public utility.*

The premises for the approach are as follows:

1. *The economic-social development and the reform of the public sector in the world, with the corresponding budgetary constraints and cutting off the number of jobs in the public sector represent dimensions of the development of the change management, known on world level since the '80s period. These issues have created the conditions and opportunities for new economic, managerial, social, political concepts and theories of law and have “invented” new models of public services to which specific models of management correspond.*

The theory is enriched with new dimensions switching from an immediate conception of the public sector reform and public services reform – that can be temporarily delimited in a political mandate – to a conception based on stages, with rules that are well thought, accepted and understood by all the involved actors (politicians, users-citizens, suppliers).

2. *The development of the adequate institutional context for the promotion of the public-private partnership simultaneously with the stable, coherent legal context inscribes in extremely diverse backgrounds, differing from country to country and awarding a different place to the intervention of the public power, within the framework of the capacity building process.*

Therefore, the models promoted by the developed countries can be considered experiences, varying from a public service to another, from a city to another or from country to country, requiring contextual, cultural, economic, social adjustments.

3. *The public authority through the public-private partnership seeks an improvement of the public service quality and the private operator seeks a profit proportional with the capital invested, with his competencies and risks.*

The diversity of the solutions adopted by the local administrations in the public-private partnership demonstrates the feature of uniqueness of each partnership, the role of the local communities and it confirms the fact that the partnership will not be identified with “the principle of association and division” of objectives, benefits and risks.

The circumstances of change may be barriers for the local community or for the individuals, having double action, namely: positive action of stimulation and negative action of brake.

Finally, the paper presents Romania’s experience concerning the case of a concession, fact that links a local community (Bucharest Municipality) with a concessionaire company.

The current version represents an adaptation of a broader paper, presented at the international conference: “A Performing Public Sector: The Second TransAtlantic Dialogue (2TAD)”, Leuven, Belgium.

Key words: public-private partnership; public services; local community; risks.



1. The change – determining factor for adapting the public services

The change as modern multidimensional and multifactor process is on the working agenda of specialists, politicians, businessmen, researchers and teaching staff. We have assisted at the major “change” of the values during the last two decades of the 20th century, from the mentality of the industrial society to the “post-modern” ways of life and thinking. The change implies uncertainty and it requires a continuous experimentation. We grasp, interpret, measure, feel and sometimes monitor its effects. The circumstances of change might be barriers for the local community or citizens, having a double action, namely: a positive one, of stimulation and a negative one, of breaking (Matei, 2003). On the background of emergence of new economic, managerial, social, political, legal concepts and theories, developed during 1970s, occurrence of the principles of new institutional economy and managerialism, new models of public services are “invented”, to which specific management models correspond. We recognise easily the need to overcome the constraints of development, thus contributing to the creation of a culture for the public service.

We identify the public sector through its components as the most “eager” sector of change, sector exposed, on one hand, to exogenous challenges and changes of the environment (political, economic, social, demographic, legislative, technologic, ecologic) and on the other hand, to those endogenous (human, managerial, motivational etc). The effects of change are recorded at the level of managerial systems, organizational structures, regulations, decentralisation and devolution of public services.

Nowadays, we assist at different developments of the public administration system, public service and citizen all over the world. Adaptation to new contexts is achieved, as demonstrated by the practice of the developed countries, since 1980, observing the principles of transparency, accountability and participation. How we accept the change differs from one country to another, recording various forms and dimensions of expression, such as: results-focused, a greater efficiency, authority devolution and flexibility increase, strengthening responsibility and control, customer and service-oriented etc.

The provision of quality public services, observing the general principles of the public services: continuity, equality, adaptability, need of public authorities to respond to users, encouraging the citizens to participate at their development represent only a part of the premises to achieve the *structural reform* of the public sector.

2. A new role of the public power in providing public services

The public service represents the activity or ensemble of activities of general and/or individual interest provided

by a public institution or bodies belonging to an administrative ensemble, aimed to meet the public needs. The community services of public utilities, called services of public utilities, in Law no 51/2006⁽¹⁾, art.1, are represented by “the totality of activities of utility and general public interest, provided on communes, towns, municipalities or counties level, under the management, coordination and responsibility of the local public administration authorities”. The following services are considered services of public utility: water supply, sewerage and purification of used water, collecting, sewerage and evacuating the rainy water, production, transport, distribution and providing thermal energy in centralised system, sanitary engineering, public lightning, administrating the public and private domain of administrative-territorial units, local public transportation.

The interpretation of the definition for the public service as „institution of administration”, providing services of general interest reveals the following characteristics:

- Meeting the public needs responds to the general interest.
- Setting up public services represents the exclusive feature of the deliberative authorities (local councils).
- The authorisation of the organisation and functioning by an executive authority of local public administration (prefect for counties and mayor for towns and communes).
- Legal regime regulated by the principles of public law.

The public institutions role is to offer a service to the citizens, contributing to the increase of their living standard.

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, the decrease of the public expenditures and increase of the public service quality represent causes of change and premises of public sector reform. The studies and analyses demonstrate that the public sector is the “generator” of the weak performance, the public services are not innovative, not enough flexible, they are over regulated, too slow and are not consumer or citizen-oriented; the organisational structures typical for the public sector – such as the hierarchical organisation forms, the bureaucratic structures – are rigid. The traditional public services impose through stability and rigidity, while the practices of the private sector enable innovation, flexibility, adaptability and change. The need to introduce the theories and practices used in the private sector, aiming to increase the public service quality, to reduce the budgetary allowance for public services, to become citizen-friendly, to increase efficiency and effectiveness of the public sector is supported by “good practices” of the developed countries. The models promoted by the developed countries might be considered experiences; they differ from a service to another, from a city to

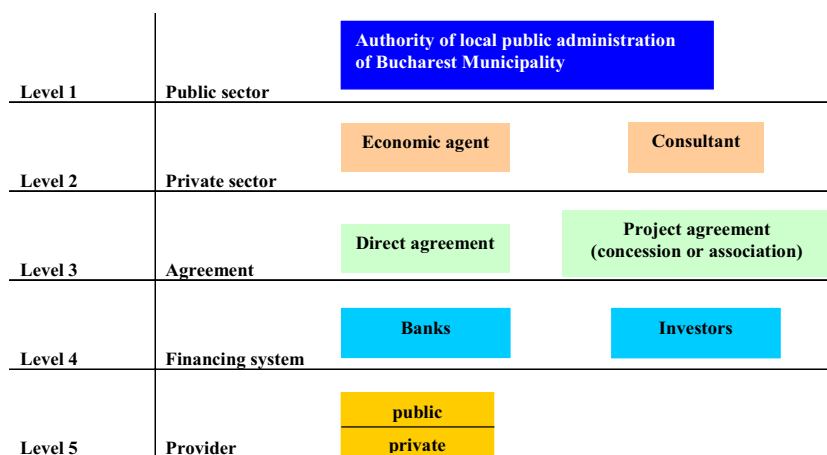
another or from a country to another, requiring contextual, cultural, economic, and social adjustments etc. There is no unique solution, a single model that can be copied. But there is a form of “association of decisions and public and private means within the framework of the same system of action, aiming to comply simultaneously the consumers’ and citizens’ expectations”, known as public-private partnership.

The promotion of the partnership between public authority/power and the private partner enables to the former to redefine its role from owner and operational entity to regulation and control. This role will allow to the public

authority/power to focus on its prerogatives, to promote efficient services, to identify the public service exigencies, to orient to meeting the demand and respective costs, thus to ensure a “social profit” provided by the social dimensions of the public service.

3. 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.



Structure of a public-private partnership

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 identified with “the principle of association and division” of objectives, benefits and risks.

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, his 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.

4. The partners' profile in the local interest service. Case study

4.1. 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 on communautaire services of public utilities, law on local public administration).

4.2. 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.

The rational water management is important, its deficit representing an obstacle for the economic development together with the specific constraints of this area. On the background of the preoccupations concerning good management and access to this service, we mention the following issues:

- 25% of the world population suffers of the lack of water and the forecasts for 2025 indicate an increase of the percentage to 65% of the population;
- The access to satisfactory sanitary installations is allowed only to a percentage of 50% of the population;
- The increase of the global water consumption is twice related to the increase of the population with 25% yearly;
- The existence of a number of 27 countries with insufficient water resources (below 500 cub meters/person/year);
- The increase of the number of sick persons or deaths caused by inadequate water consumption, around 25 million persons/year.

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).

Observing 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 emphasized in the matrix of the stakeholders (Table 1). 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.

Matrix of stakeholders

Table 1

No.	Stakeholders	Their role in public services	Impact of concession 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	Evaluating pcc
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	MEWM	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	MF		4	5	2	2	2	1	1	2	2	2
8	MAI	Analysis, Decision, National Strategy of communautaire services		5	5	2	2	1	4	4	4	4
9	MH		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	MTCT		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; MEWM – Ministry of Environment and Water Management; NARW – National Administration Romanian Waters; RAW – Romanian Association of Waters; MF – Ministry of Finance; MAI – Ministry of Administration and Interior; MTCT – Ministry of Transport, Construction and Tourism; MH – Ministry of 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)

4.3. A partnership in the core of the public service of water supply and sewerage

In this general framework, the public-private partnership in the water area has been achieved through a concession contract, where we identify three main actors: *the conceder*, *the concessionaire* and *the consumer*, with distinct and interdependent responsibilities and roles.

The *contract of concession* is concluded on a period of 25 years, with the following partners:

1. The public sector, represented by Bucharest Municipality through the General Council of Bucharest Municipality, as *conceder*;

2. The private sector, represented by the commercial company Apa Nova Bucharest S.A., as *concessionaire*, and the General Regies of Water Bucharest (GRWB) – which

was managing the service of water supply and sewerage before 11 November 2000, the moment when the contract of concession with SC Apa Nova Bucharest SA became valid.

The representation of Bucharest Municipality in the private dimension of the partnership is ensured through the shares held by Municipality within Apa Nova Bucharest, with nominative shares representing 16.31% from the total shares.

4.3.1. Organisational characteristics

SC Apa Nova Bucharest SA (ANB) is a commercial, private, on shares company, set up according to the Law no 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), City Hall of Bucharest Municipality (16.31% shares).

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

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.

4.3.2. *Characteristics of autonomy:*

Financial autonomy: the tariff of the concessionaire reflects the expenses of investment and operating expenses associated to the service levels. The increases of the tariff can be justified by inflation and Municipality requirement for new works.

Operational autonomy: investment in order to ensure optimum working conditions for protection and work equipment, for introducing new technologies so that to support the tough activity of the operational personnel.

The concessionaire has the freedom and responsibility to achieve the necessary investment, to promote high technology solutions.

Political autonomy – of personnel: ANB has around 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.

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.

4.3.3. *Performance:* reaching the specified service levels (SL) 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.

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

4.3.4. *Characteristics of control*

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

- Municipality through delegation of competencies 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, the non-observing of the service levels leads to payment of penalties by concessionaire, sanctions, reports, results indicators.

4.4. 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 ratio quantity/quality/cost;
- administrative efficiency;
- enabling collaboration with public service providers;
- measuring the service quality on the basis of the quantifiable performance indicators.

4.4.1. *The quality of the drinking water* 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.

4.4.2. *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.

Measuring Procedure: SC Apa Nova Bucharest SA (ANB) registers and draws up reports concerning the interruptions in provision of drinking water:

1. self-identified by the concessionaire (planned interruptions – that were previously announced with minimum 9 hours before the interruption), or
2. from customers' complaints.

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.

Recording Procedure: the concessionaire according to the format approved by ARSLWC through Decision no16/2003 holds the recordings in the database. ANB reports comprise summary tables presented in the format approved through ARSLWC Decision no.11/2004.

Comparing Procedure:

- the Objective Standard Level (OSL): minimum 98% of the branching pipes were provided with drinking water without interruptions 24 hours/ 24 hours, including those with a maximum interruption of 6 hours. Everything that exceeds 6 hours of interruption over the value of 2% will influence negatively the objective standard.
- the Basic Standard Level (BSL) approved by ARSLWC Decision no. 31/2002 is as follows: 70% of the branching pipes for a duration of interruption less than 6 hours; 17% of the branching pipes for a duration of interruption between 6 – 12 hours; 10% of the branching pipes for a duration of interruption between 12 – 24 hours; 3% of the branching pipes for a duration of interruption higher than 24 hours.

SL Development: continuous provision of drinking water

Table 2

Name	Duration of interruption	Approved BSL values (%)	Reported SL values 2001 (%)	Reported SL values 2002 (%)	Reported SL values 2003 (%)	Reported SL values 2004 (%)	OSL values, 5 th year (%)
Service continuity	0-6 hours	70	98.03	97.35	98.03	98.04	98
	> 6 hours	30	1.97	2.65	1.97	1.96	2
	Total	100	100	100	100	100	100

Source: ARSLWC Report, 2005, Bucharest.

The alternative provision of drinking water represents the time to ensure an alternative provision of drinking water in 24 hours from establishing the discontinuity of provision (delivery of drinking water with tank wagons or other similar equipment, so that no customer will be at a distance higher than 200 m from tank wagon).

Measuring Procedure: The indicator is measured through the customers' complaints, written or by phone, kept in a register of all incidents longer than 24 hours.

Comparing Procedure:

- The Objective Standard Level (OSL) established by contract presupposes to ensure alternative provision in 99% of the cases recording an interruption of drinking water longer than 24 hours.

- The Basic Standard Level (BSL) approved by ARSLWC Decision no 8/2002: 0% of the cases solved in 24 hours since establishing the discontinuity of provision; 100% of the cases solved in over 24 hours since the discontinuity of provision.

For 2005, 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.

In order to evaluate the SL, 3 interruptions of over 24 hours were taken into account, ensuring the alternative provision.

SL Development: alternative provision of drinking water

Table 3

Periods of time according to the contract	Approved BSL values (%)	Reported SL values 2001 (%)	Reported SL values 2002 (%)	OSL values, 2 nd year (%)	Reported SL values 2003 (%)	Reported SL values 2004 (%)
Interventions when the water was stopped more than 24 hours and the tank wagon was available within 24 hours since the stop of provision	0	0	0	99	100	100
Interventions when the water was stopped more than 24 hours and the tank wagon was not available within 24 hours since the stop of provision	100	100	100	1	0	0

Source: ARSLWC Report, 2005, Bucharest.

4.4.3. Principle of mutability applied to the water service presupposes provisions adapted to the consumers' needs, in a programme of modernisation and technological development.

The coverage with drinking water is an indicator that 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 drinking water means the creation of new networks of drinking water and modernisation of the existent networks.

Measuring Procedure: length of the streets provided with pipes of distribution, as percentage from the total length of the streets.

Comparing Procedure:

- The Objective Standard Level (OSL): 100% of the existent streets at the date of the tender will have pipes of distribution with adequate capacity.

- The Basic Standard Level (BSL) approved = 90.70% by ARSLWC Decision no 8/ 2002, based on ANB data (the initial list proposed in the Report on BSL of 520 de streets with a length of 179 km).

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), Table 4, 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.

Works for extending the network of sheets

Table 4

No.	Authority/Local Council	Number of streets achieved	Value of the works [billion lei]
1.	City Hall of Sector 2	68	-
2.	City Hall of Sector 3	75	147.606
3.	City Hall of Sector 5	56	43.067
4.	City Hall of Sector 6	71	197.458

Development of the coverage with drinking water

Table 5

Name	Approved BSL values (%)	Reported SL values 2001 (%)	Reported SL values 2002 (%)	Reported SL values 2003 (%)	Reported SL values 2004 (%)	OSL values, 10 th year (%)
Length of streets provided with pipes of distribution as percentage from the total length of the streets at the date of the tender	90.7	90.7	90.87	91.45	91.84	99

Source: ARSLWC Report, 2005, Bucharest.

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.

Comparing Procedure:

- The Objective Standard Level (OSL): 100% of the existent streets at the date of the tender will have pipes of distribution with adequate capacity.
- The Basic Standard Level (BSL) approved = 91.93% by ARSLWC Decision no 8/ 2002, based on ANB

data (the initial list proposed in the Report on BSL of 483 de streets with a length of 169 km).

Measuring Procedure: length of the eligible streets provided with networks of sewerage, as percentage from the total length of the streets.

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.

Development of the coverage with sewerage

Table 6

Name	Approved BSL values (%)	Reported SL values 2001 (%)	Reported SL values 2002 (%)	Reported SL values 2003 (%)	Reported SL values 2004 (%)	OSL values, 10 th year (%)
Length of streets provided with sewerage networks as percentage from the total length of the streets at the date of the tender	91.2	91.2	91.52	91.82	91.93	99

Source: ARSLWC Report, 2005, Bucharest.

4.4.4. 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, who benefit on the same extent of the public services.

1. Time for approaching the requests of information about invoicing

Measuring Procedure: ratio between the number of complaints received and solved within specific periods of time and total number of complaints received.

They are recorded in a register kept by concessionaire, including also a detailed database.

The register should comprise the database and summary tables for each year of reporting.

Comparing Procedure:

- The Objective Standard Level (OSL):
 - responses sent by mail in maximum 5 days, in 90% of the cases;
- The Basic Standard Level (BSL):
 - responses sent by mail in maximum 5 days, in 30% of the cases;
 - responses sent by mail in over 5 days, in 70% of the cases.

SL Development – time for approaching the requests of information about invoicing

Table 7

Name	Time to solve according to the contract	Approved BSL values (%)	Reported SL values 2001 (%)	Reported SL values 2002 (%)	OSL values, 3 rd year (%)	Reported SL values 2003 (%)	Reported SL values 2004 (%)
Time for approaching the requests of information about invoicing	0-5 days	30	30.36	93.62	90	98.5	99.64
	> 5 days	70	69.64	6.38	10	1.5	0.36
	Total	100	100	100	100	100	100

Source: ARSLWC Report, 2005, Bucharest.

2. Time for approaching the written complaints

Measuring Procedure: 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.

Recording of all written complaints.

ARSLWC analyses ANB reports and checks the registers with the written complaints and the summary tables.

Comparing Procedure:

- The Objective Standard Level (OSL):

- responses sent by mail in maximum 10 working days in 90% of the cases;

- The Basic Standard Level (BSL)

- responses sent by mail in maximum 10 working days in 30% of the cases;

- responses sent by mail in over 10 working days in 70% of the cases.

Evaluating the Continuation of Conformity:

The analysis of the written complaints received at ANB during 18.09.2003 – 17.09.2004 and solved before the end of the evaluation period, 27.09.2004.

- 8570 written complaints were registered on various topics;

- 8274 from the complaints received the responses by mail within 10 working days (96.55%).

The conformity stipulated in the concession contract represents 90%.

SL Development – time for approaching the written complaints

Table 8

Name	Time for solving according to the contract	Approved BSL values (%)	Reported SL values 2001 (%)	Reported SL values 2002 (%)	OSL values, 3 rd year (%)	Reported SL values 2003 (%)	Reported SL values 2004 (%)
Time for approaching the written complaints	0-10 working days	30	32.87	43.61	90	78.89	96.25
	>10 working days	70	67.13	56.39	10	21.11	3.75
	Total	100	100	100	100	100	100

Source: ARSLWC Report, 2005, Bucharest.

3. Time for answering at the phone contacts

Measuring Procedure: ratio between the number of phone calls with responses given within the time specified in the concession contract and total number of received calls.

ARSLWC analyses ANB reports and checks the accuracy of registering the calls from the registers of databases of ANB for phone complaints. The register should comprise database and summary tables for each reporting year.

Comparing Procedure:

- The Objective Standard Level (OSL):

- response in 15 seconds at 50% of the calls;

- response in 30 de seconds at 75% of the calls.

- The Basic Standard Level (BSL):

- response in 15 seconds at 0% of the calls;

- response in 30 de seconds at 0% of the calls;

- response in over 30 seconds at 100% of the calls;

SL Development – time to respond to phone contacts

Table 9

Time to respond to phone contacts	Approved BSL values (%)	Reported SL values 2001 (%)	Reported SL values 2002 (%)	Reported SL values 2003 (%)	OSL values, 3 rd year (%)	Reported SL values 2004 (%)
In max. 15 seconds	0	0	0	96.48	50	88.61
In max. 30 seconds	0	0	0	98.46	75	99.99
In over 30 seconds	100	100	100	0.12	25	0.01
Total	100	100	100	100	100	100

Source: ARSLWC Report, 2005, Bucharest.

4. Time for customers' visits (hearings)

Measuring Procedure: 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.

ARSLWC analyses ANB reports and checks the accuracy of registering the information from the registers of databases of ANB with details about requests for hearing. The register should comprise database and summary tables for each reporting year.

Comparing Procedure:

- The Objective Standard Level (OSL): 97% of the hearings during half a day (am/pm) related to registration;
- The Basic Standard Level (BSL) approved by ARSLWC Decision no. 22/2002:
 - 70% of the hearings during half of a day (am/pm) related to registration;
 - 30% of the hearings in over half a day (am/pm) related to registration.

The conformity is 100% related to the conformity specified in the concession contract, respectively 97%.

SL Development – time for customers' visits (hearings)

Table 10

Name	Time for solving according to the contract	Approved BSL values (%)	Reported SL values 2001 (%)	Reported SL values 2002 (%)	OSL values, 3 rd year (%)	Reported SL values 2003 (%)	Reported SL values 2004 (%)
Time for approaching customers' visits (hearings)	Within half a day related to the things agreed	70	100	100	97	100	100
	Longer than half a day related to the things agreed	30	0	0	3	0	0
	TOTAL	100	100	100	100	100	100

Source: ARSLWC Report, 2005, Bucharest.

4.5. Conclusions

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

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 market-type mechanisms used in providing the service and the establishment of the tariff represent elements to obtain a good ratio quality/cost, for the consumers' advantage.

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.

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

Notă

⁽¹⁾ Law on community services of public utilities

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