

Water and Wastewater Sector in Romania

EU funding, Players Activity and Opportunities for International Companies in Romania



An FRD Center analysis



Introduction



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This presentation is produced by **FRD Center** – www.frdcenter.ro - one of the pioneer privately owned independent market entry consulting and M&A advisory firms in Romania.

Since 2000, FRD Center offers tailor-made market research and intelligence, B2B matchmaking and M&A consulting services to foreign organisations interested to enter Romania and the emerging markets in Europe as exporters, consultants, investors or joint-ventures, to acquire a local company, to relocate their operations, to find new suppliers or to source in CE, SE and Eastern Europe.

Our services include:

-market research, investment opportunities assessment, sector studies, market briefs

<http://www.frdcenter.ro/services/market-entry-and-b2b-matchmaking-in-eastern-europe>

-B2B matchmaking: <http://www.frdcenter.ro/b2b-business-matchmaking>

- product presentation and assessment of interest from clients / partners

-M&A assistance: <http://www.frdcenter.ro/services/ma-advisory>

- identification of market opportunities: exports, sourcing, B2B sales etc.

-trade missions: <http://www.frdcenter.ro/services/trade-missions-trade-delegations-b2b-meetings>

This is a DEMO market analysis. For B2B matchmaking according to your specific needs, contact the FRD Center team at europa@frdcenter.ro



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As part of the CSR activity, FRD Center endorses the
Sibiu International Theatre Festival FITS - www.sibfest.ro

The Sibiu International Theatre Festival is the most complex festival in Romania. Internationally, it has become one of the most important performing arts festival in Europe, judging by its amplexness, dimension, and quality of events, similar to Edinburgh International Festival (Great Britain) and Avignon Festival (France)



About Romania



Romanian local authorities and private utilities operators are focused on the **upgrade and modernisation of water supply and sewage networks, including smart metering, automation, IoT, new technologies, cleantech.**

Romania benefits from EU non-reimbursable funding, as well as other grants for the development and modernisation of its water and wastewater systems.

An EU member since 2007 and a NATO member since 2004, Romania is currently the one of most dynamic large markets in EU28 with a population of approx. 20 million.

After a 7% y-t-y growth in 2017, the GDP Annual Growth Rate in Romania is expected to have been of 4.1% in 2018 and to reach 4.3% advancement in 2019.

The foreign direct investment in Romania has reached 4.842 billion EUR in the first 11 months of 2018, up by 8.6% compared to the similar period of 2017.

About Romania

Snapshot of the Macro Environment, 2015 – 2018

	2015	2016	2017	2018
GDP - bn RON current prices	712.6	765.1	856.7	949.6
Real GDP growth rate %	3.9	4.8	7.0	4.5
GDP per capita in PPS -Purchasing Power Standards - EU28 = 100	56	59	63	n/a
Population - million	19.861	19.760	19.638	19.524
Unemployment rate %	6.8	5.9	4.9	4.2
FDI - mEUR	3,035	4,517	4,586	n/a
HICP - inflation rate %	-0.4	-1.1	1.1	4.1
General government gross debt, % of GDP	37.8	37.3	35.1	n/a
Net external debt, % of GDP	27.2	21.7	20.9	n/a

Source: Eurostat, National Institute of Statistics, National Bank of Romania, National Commission for Prognosis

Sewage network development in Romania

According to the Romanian Statistics Institute, the total length of the sewage network in Romania at the end of 2018 was 38,449.1 kilometers, of which 25,475.8 km in cities and towns.

Compared to the previous year, the length of the sewerage network in Romania expanded by 5.8% in 2018.

Romania needs urgent investments in the water and wastewater sector as only 52.7% of its population was connected to sewage systems at the end of 2018, 314,155 more compared to 2017, according to the FRD Center analysis based on data from the National Institute of Statistics.



Sewage network development in Romania

In 2018, a number of 10,293,041 inhabitants had the homes connected to the sewerage systems, representing 52.7% of the resident population of Romania, with 314,155 persons more than in 2017.

As regards wastewater treatment, the population connected to the sewage systems provided with wastewater treatment plants was 10,035,288 persons, representing 51.4% of the resident population of the country, with 325,211 persons more than in 2017.

The increases were generated by the connection of the population to the newly built sewage networks, respectively by the commissioning of new wastewater treatment plants.

At the level of the development regions, the largest share of the population connected to the sewerage systems, in total resident population, was registered in the Bucharest-Ilfov region (86.3%), followed by the Center region (65.0%) and the West (59.4%). The lowest degree of connection to the sewerage systems was registered in the regions: South-Muntenia (36.5%), North-East (36.7%) and South-West Oltenia (38.8%).

In 2018, in the urban area 89.5% of the resident population were connected to the sewage system, while in the rural area a number of 892,524 persons benefited from sewage services, representing 9.9% of the rural resident population of Romania.

Water supply network development in Romania

As of December 31, 2018, the length of the simple drinking water distribution network in Romania was 84,504.4 km, with 2414.0 km longer (2.9%), compared to the situation at the end of 2017, according to National Statistics Institute.

According to the Romanian European Funds Ministry, by July 2019, under the 2014-2020 Large Infrastructure Operational Programme, 259 financing contracts with the total value of 8.95 billion EUR have been signed, representing over 97% of the allocated funds.

Many of the Local Authorities, especially in the rural areas, see it imperative to introduce and extend the water supply and sewerage systems in the rural localities.

The areas that already are connected to the infrastructure of the water supply, sewerage and water treatments systems are currently in the process of improving and modernising them, including with energy efficiency measures, such as smart metering.



Market entry to Emerging Europe

FRD Center is constantly monitoring the developments and opportunities in Emerging European markets such as Romania, facilitating access of potential foreign exporters and strategic investors to the local companies' decision makers.

FRD Center assists international companies with overseas expansion and market entry to the Emerging Markets in Eastern Europe, CE and SE Europe.

Are you a foreign organisation looking to expand, source or to export to the Emerging Markets in Europe?

Perhaps we can collaborate. ***We can facilitate your direct access to Decision Makers in relevant local companies, organisations, authorities etc..*** More details at <http://www.frdcenter.ro/services/market-entry-and-b2b-matchmaking-in-eastern-europe/>

As one of the pioneer privately owned market entry advisory firms in Romania, operating for 20 years, FRD Center has high competencies in market entry advisory and is quite well placed to assist foreign exporters with B2B matchmaking and product introduction to buyers in Romania and the region.



Priority Axis 3.2 - Increased collection and treatment of urban wastewater and the degree of assurance of supply of drinking water to the population

Actions eligible for non-reimbursable EU funding

Integrated projects for water and wastewater with the following types of sub-actions:

- Construction / rehabilitation of sewerage networks and treatment plants wastewater (with tertiary treatment of sewage, where appropriate) to ensure collection and treatment of organic biodegradable load
- The implementation and effective management of sludge in wastewater treatment process;
- Rehabilitation and construction of water treatment plants, along with measures to increase food safety and reduce risks of drinking water contamination.
- The rehabilitation and extension of existing water transport and water distribution;
- Developing and improving infrastructure of centralized water supply in urban and rural areas.
- Develop a national laboratory to improve the monitoring of substances discharged into surface waters, especially giving priority hazardous substances and water quality



EU funded projects Example 1: Cluj county, NE Romania

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Over 16,500 citizens in the Cluj county will have access to quality drinking water and sewerage services as a result of a project approved in June 2019 by the European Commission.

The water network will be rehabilitated on 104 km and expanded with 250 km while the sewerage system will be rehabilitated on 48 km and expanded with 130 km.

Furthermore, 48 pumping stations and two wastewater stations will be constructed. The project with the total value of 155 mEUR will be implemented by the end of 2023 and is financed through the Large Infrastructure Operational Programme with European funds of 110 mEUR.



EU funded projects Example 2: Dolj county, SW Romania

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Dolj County is situated in SW Romania, bordered by the Danube river to the South.

In May 2019, the President of the Dolj County Council and the Minister of the Public Finances signed a project of 445.83 mEUR for the continuation of the County Water and Wastewater Masterplan, financed through the Large Infrastructure Operational Programme.

Therefore, works started almost ten years ago in the Dolj county will continue in the next period with new investments from which will benefit 22 towns and the capital city, Craiova.

EU funded projects Example 3: Vrancea county, SE Romania

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The Vrancea County Council, SE Romania has inaugurated in May 2019 a new wastewater technology at the Panciu and Marasesti stations.

The investments with the total value of approximately 6.2 mEUR have been done through the Sectoral Operational Programme Environment.

Nortek Trust and Smart Power R&D are two of the companies involved in such works in the Vrancea region in Romania.

EU funded projects Example 4: Alba county, Centre Romania

The European Investment Bank (EIB) lend 12 mEUR to the Alba County Regional Water Company in March 2019 to finance upgrades in drinking water supply and sanitation services for around 332,000 persons in Alba County, Centre Romania.

The transaction is backed by the European Fund for Strategic Investments (EFSI), the heart of the Investment Plan for Europe, or “Juncker Plan”.

The project in Alba, which is expected to cost 114 mEUR in total, includes the rehabilitation of a water intake, the expansion of the water network by 55 km and the extension and rehabilitation of 115 km of water mains and two water treatment plants. Furthermore, the sewerage network will be extended by 100 km, 49 pumping stations will be renovated and two new wastewater treatment plants will be built.



EU funded projects – Example 5: Timis county, Western Romania

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The European commissioner Corina Cretu has approved in April 2019 various EU funds for infrastructure in Romania, including for the regional project for the development of water and sanitation infrastructure in Timis, Western Romania.

The EU funds for the Timis infrastructure project amount to 135 mEUR.



Fazarea Proiectului Extinderea și modernizarea sistemului de alimentare cu apă și canalizare în județul Timiș

Obiectiv: Extinderea și reabilitarea sistemelor de distribuție și de tratare a apei potabile precum și pentru colectarea și epurarea apelor uzate în localitățile: Buziaș, Deta, Receaș, Jimbolia, Sânmihalu Român și Urvin

Proiect cofinanțat de UNIUNEA EUROPEANĂ din Fondul de Coeziune prin Programul Operațional Infrastructură Mare

investim în dezvoltare durabilă

Numele beneficiarului: Aquatim S.A.

Valoarea totală a proiectului: 63.047.409 lei

Modern technologies for the Romanian water and wastewater sector – Example: Purolite Romania

The US manufacturer of resins Purolite started in July 2019 the construction of a state-of-the-art wastewater station with modern technology in its production unit in Victoria, Brasov county, Centre Romania, with an investment of over 15 mUSD.

The station will have multiple wastewater treatment systems and will be extremely efficient in terms of wastewater purification, preventing unpleasant odors from entering the atmosphere, while also allowing water to be reused,

Purolite signed a contract with Wabag based in Bucharest, which will design, build and ensure the operation of the station, for a reduced impact on the environment.

Starting with 2018, Purolite, together with the company WABAG, is working on the development of a customized treatment solution, a solution that involves aerobic, anaerobic, membrane and chemical / physical processes that reduce the loads of water sources and ensure the highest quality treatment. of waste water, which will comply with the national regulations regarding the discharge.



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Market entry services to Romania, the CEE and SEE.
Market research, B2B matchmaking, sector studies,
trade missions, investment opportunity research, M&A support.

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Are you a foreign company looking to source, expand, build strategic partnerships or find new Clients in Eastern Europe?

As one of the pioneer privately owned market entry advisory firms in Romania, operating for 20 years, FRD Center has high competencies in market entry advisory and is quite well placed to assist foreign companies with a multitude of aspects related to market opportunity assessment, B2B matchmaking with local Decision Makers and M&A in Romania and the region.

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Tenders in water and wastewater sector – Examples

Some examples of tenders recently organised in the water and wastewater sector in Romania are:

- water supply and sanitation networks in Eforie Nord and Eforie Sud, SE Romania; calling entity: RAJA SA; amount: **approx. 7.3 mEUR**
- rehabilitation and expansion of water supply and sanitation networks in Otelu Rosu, Western Romania; calling entity: Aquacaras SA; amount: **approx. 0.6 mEUR**
- water and sanitation networks, pumping stations, wastewater stations in Barlad, NE Romania; calling entity: Aquavas SA ; amount: **approx. 10.7 mEUR**
- rehabilitation of water and sanitation networks in Zalau, NW Romania; calling entity: Compania de Apa Somes SA; amount: **approx. 10 mEUR**
- expansion of water supply and sanitation networks in Abrud, Baia de Aries and Arieseni, Centre Romania; calling entity: APA CTTA SA Alba ; amount: **approx. 15.8 mEUR**

Events in water and wastewater sector in Romania

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The **Danube Eastern Europe Regional Water Forum** takes place during 23 - 25 September 2019 at the Palace of Parliament in Bucharest.

It is organised by the Romanian Water Association and the media partner is the RomAqua magazine.

The event includes the Southeast Europe Regional Conference Water Loss and a specialised exhibition of equipment and technologies for the water sector - EXPOAPA.

The **Southeast Europe Regional Conference Water Loss** targets to present and discuss the latest developments, strategies, techniques and applications of international best practices in the non-revenue water management.



Examples of players involved in water and wastewater projects in Romania: Seba Dynatronic

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seba KMT
A member of Megger Group

The German company **Seba Dynatronic**, a member of the Megger Group, manufactures equipment and fully-equipped test vans for locating losses in water distribution networks, cathodic protection pipelines and faults in power or telecommunication cables, buried pipelines, cables locators and manhole locators. It has a representative office in Romania.

All major water companies in Romania have purchased from Seba Dynatronic portable equipment to locate network water losses and more than 60 test vans have been delivered.

Furthermore, Seba Dynatronic has put into operation on the Romanian market over 200 fully equipped test vans and mobile fault locating systems.



Examples of players involved in water and wastewater projects in Romania: Xylem



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Xylem is specialised in the inspection, monitoring and management of water and wastewater pipelines and networks. Its portfolio of solutions helps pipeline owners avoid wasteful expenditures such as replacing good infrastructure prematurely.



xylem
Let's Solve Water

Xylem has completed in 2018 an update to the Glina wastewater treatment plant in Bucharest.

Xylem is a bronze sponsor of the Southeast Europe Regional Conference Water Loss 2019 organised in Bucharest.

Examples of players involved in water and wastewater projects in Romania: Set Mobile

Set Mobile is a Romanian IT company which has created a digital platform for water and sewerage service operators named Aqmeter.

Aqmeter is a platform for the digital transformation of the relationship between the water company and the subscriber, by using digital technologies and connected smart devices.

It includes an on-line customer service channel (self-reading counter and online bill payment) and a channel through which the water company addresses customers directly (SMS, e-mail, personalised notifications).

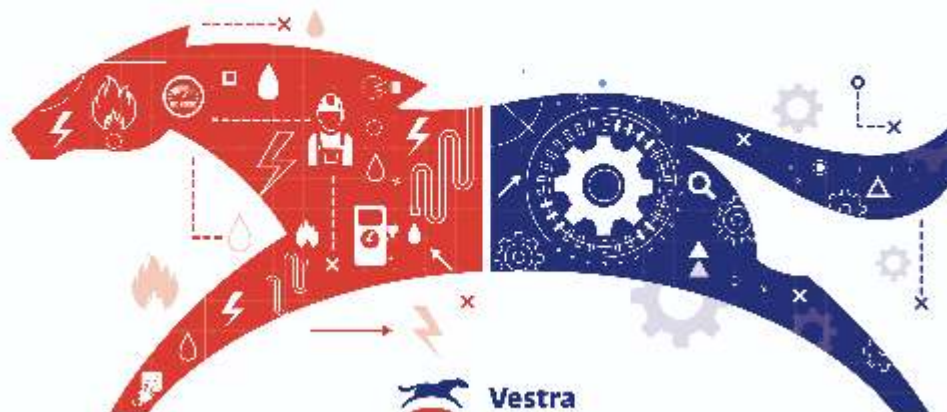


Examples of players involved in water and wastewater projects in Romania: Vestra

Vestra is a Romanian cluster specialised in the utilities industry. It sells a wide range of measuring equipment, valves and fittings, solutions for water and sewerage networks and automation systems.

The company has supplied water meters, valves and fittings to: Hidroconstructia, Raja Constanta, Apa Vital Iasi, Aquatim Timisoara.

Soluții în industria utilităților și a echipamentelor de automatizare





Examples of players involved in water and wastewater projects in Romania: Cefain Construct



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According to the FRD Center research and analysis, **Cefain Construct** is a Romanian private company which provides the following services in the water and wastewater sectors: consultancy, delivery of a wide range of equipment, assistance during installation, putting into operation and maintenance.

The company has been involved in various water and wastewater projects. Some examples are:

- Wastewater treatment plant at Petrobrazi Refinery (beneficiary: OMV Petrom)
- Wastewater treatment plant in Blaj (beneficiary: Apa CTTA Alba)
- Wastewater treatment plant in Feldioara (beneficiary: Compania de Apa Brasov)
- Modernisation of sewerage system in Iasi (beneficiary: Apavital)

Cefain Construct uses and installs the **Flygt Concertor** system.

Example of intelligent wastewater systems used in Romania: Flygt Concertor

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Flygt Concertor is an wastewater system with integrated intelligence.

It ensures the intelligent control of the pumping stations and has the following advantages:

- pumping without accidental interruptions
- energy saving
- decreased level of investments
- efficient asset management

In Romania, the Flygt Concertor system has been successfully installed by Cefain Construct at the Apahida Pumping Station (beneficiary: Compania de Apa Some).



Examples of regional water and wastewater utility operators: Harviz

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Harviz - <https://harviz.ro> - is the regional water and wastewater operator in Harghita county, Centre Romania.

Harviz is the beneficiary of the project “Extension and rehabilitation of water and wastewater infrastructure in Harghita county”, with total investments of 200 mRON. The project is co-financed through the Large Infrastructure Operational Programme 2014 - 2020.



For the technical assistance, Harviz has signed a contract of approximately 6 mRON (without VAT) with Greenviro SRL, Fichtner Environment SRL and Fichtner Water and Transportation GmbH.



Examples of regional water and wastewater utility operators: Apa Canal Galati



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Apa Canal Galati - <http://www.apa-canal.ro> - is the regional water and wastewater operator in Galati county, SE Romania.

It is the beneficiary of the “Regional water and wastewater infrastructure development project in Galati county”, with total investments of approximately 823 mRON. The project is co-financed through the Large Infrastructure Operational Programme 2014 - 2020.

Apa Canal Galati has signed contracts with:

- Coral Tulcea: approx. 44 mRON, without VAT, for design and execution of wastewater treatment stations and sludge deposits
- Consproiect M Botosani: approx. 25 mRON, without VAT, for expansion of drinking water distribution network, rehabilitation and extension of sewerage network, wastewater pumping stations and discharge pipes
- Elsaco Electronic Botosani: approx. 3.4 mRON, without VAT, for regional SCADA dispatchers and SCADA system upgrading

Examples of regional water and wastewater utility operators: Raja

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Raja - <http://rajac.ro/> - is the biggest regional water and wastewater operator in Romania. It serves over 3 million inhabitants from 153 localities in the following counties in SE, NE, Centre and Southern Romania: Constanta, Ialomita, Ilfov, Calarasi, Dambovita, Brasov, Prahova and Bacau.

Through the Large Infrastructure Operational Programme 2014 – 2020, Raja has applied for two projects:

- Regional water and wastewater infrastructure development project in Raja operating area, with total estimated investments of around 594 mEUR
- Development of water and wastewater infrastructure in Onesti, with total investments of around 44 mEUR



Conclusion

What are the opportunities presented by the markets in Emerging Europe? How to generate a multi-country in-depth market analysis?

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Are you a foreign investor / group looking to analyse and enter the Eastern European markets through an acquisition of a Romanian player? Are you looking to generate strategic partnerships with local players in countries such as Romania, Poland, Hungary, Lithuania, Bulgaria etc.?

Perhaps we can collaborate.

As one of the pioneer privately owned market entry advisory firms in Romania, operating for almost 20 years in this market, FRD Center has high competencies in multi-country market analysis and is quite well placed to assist foreign buyers with their Deal Origination and Acquisition Target Search in Romania and the region.

FRD Center has been assisting foreign investors with their market researches and competitive analyses in Romania and other markets in Emerging Europe.





Market Entry with FRD Center





For an offer of tailor-made market research and intelligence, deal origination, B2B matchmaking, background checks on players, competitive analysis, M&A consulting services in Romania and the region, contact:



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