

SUMMARY
Performance Auditing Report
“Efficient Management of Water Supply Infrastructure “

The management of water infrastructure, that is, successful and sustainable reduction of water losses, requires a systematic approach at the national level, but also greater involvement of local authorities and water utilities, because the measures and activities taken have not sufficiently contributed to the purposeful management and reduction of water losses.

After significant investments in the period from 1950 to 1980, investments in the water supply infrastructure have been significantly reduced in recent decades, which, in addition to the problems in the business operation of the water supply companies, has resulted in large losses of water in the network. The latest official statistics for 2018 show that 230 million m³ of potable water was lost in distribution in Serbia, that is, over 35% of produced drinking water was not delivered to consumers. The same sources indicate that on average, more than 1/3 of water is lost in public water supply systems in Serbia, and more than 50% is lost in 1/5 of public water supply systems. It is estimated that more than RSD 10 billion of company revenue is lost annually on this basis. Losses in the network can be reduced by investments for the rehabilitation and construction of the water supply network, which, according to state estimates, requires investments of over 800 million euros.



The ministries in the field of utilities and water, through the measures taken within their competencies, have not fully contributed to the effective management of water infrastructure and the reduction of water losses in water supply systems, due to the lack of systemic action. Despite the determinations made about the state of affairs, and measures taken regarding water losses, no measures have been taken that would systemically contribute to the long-term reduction of water losses. In addition, the efficiency of the utilities in water supply is not adequately monitored, based on regulated indicators. An action plan for the implementation of the Water Management Strategy has not been adopted, so no conditions have been created to establish regulation of the business operation of companies engaged in the supply of drinking water and sewage, nor the conditions for systemic and long-term reduction of water losses.

The role of the founders of water utilities in managing water infrastructure in order to reduce water losses would be more effective by providing the necessary conditions for its development and improvement, as well as long-term and short-term performance-oriented planning and reporting. The founders of water utilities have not monitored the effects of reducing water losses with the help of indicators.

More efficient management of water infrastructure in water utilities can be achieved through a strategic commitment to reducing water losses, planning based on measurable and achievable goals, and adequate reporting. Measures taken and activities implemented are not sufficient to reduce long-term water losses.

Recommendations

The State Audit Institution has made the following recommendations:

Ministry of Construction, Transport and Infrastructure:

- To take measures or propose to the RS Government the adoption of regulations or the taking of measures that would systemically contribute to the long-term reduction of water losses;
- To propose to the RS Government to regulate the indicators of the efficiency of water supply operators in order to monitor them adequately. Ministry of Agriculture, Forestry and Water Management:
- To propose to the RS Government the adoption of an Action Plan for the implementation of the Water Management Strategy and thus create the conditions for:
- Systemic and long-term reduction of water losses;
- Introducing a regulatory function in the water sector, that is, to establish regulation of business operation for companies engaged in services in the field of drinking water supply and sewerage

To the founders of water utilities:

- To provide the necessary conditions for development and improvement of the water supply infrastructure through the registration of the water supply network in the cadastre;
- To make strategic guidelines;
- To use an appropriate indicator when planning and reporting, to monitor the performance and effectiveness of investments in reducing water losses.

To water utilities:

- To make strategic guidelines for business development;
- To plan based on measurable and achievable goals and report appropriately;
- To take measures for efficient management of water losses in the sense that they: manage data, introduce measurements, strategically and organizationally decide to reduce water losses;
- To intensify activities to reduce long-term real and apparent water losses.