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## EBRD, EU and SIDA fund modernisation of water system in Bosnia and Herzegovina

*€15.5 million to build wastewater treatment plant in Bijeljina*

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The EBRD, EU and the Swedish International Development Agency (SIDA) are supporting further modernisation of the water system services in Bosnia and Herzegovina, with €15.5 million for the construction of a wastewater treatment plant and the expansion of the wastewater collection network in Bijeljina, the second largest city in Republika Srpska, one of the two political entities that form Bosnia and Herzegovina.

The municipal centre of Bijeljina and most of its suburbs, home to some 95,000 residents, are connected to the water supply system, managed by the Vodovod i Kanalizacija Bijeljina, a water services company majority-owned by the government of Republika Srpska.

Although the quality of the supplied water in Bijeljina complies with EU standards and local regulations for drinking water, the city lacks a wastewater collection system, with tens of thousands of septic tanks that do not meet environmental standards used in individual or collective housing units.

The waste collected in tanks can overflow into water drainage canals or leak directly underground. Occasionally the tanks are emptied and the wastewater disposed into municipal landfill, a practice that represents a significant health hazard since underground water is the only source of drinking water for the city and its suburbs.

The financing extended to Vodovod i Kanalizacija Bijeljina includes a €5 million sovereign loan from the EBRD, €6.5 million grant funding from the EU and an additional 42 million Swedish Krona (approximately €4 million) grant from SIDA.

The funds will be used to finance the construction of a modern wastewater treatment plant that will initially service up to 40,000 residents. In addition, the project includes the construction of wastewater collection-infrastructure that will further expand the plant's capacity.

“The new wastewater treatment plant will be built in compliance with EU environmental standards for urban wastewater. This important project for the city will reduce significantly pollution of underground waters and will improve living standards for the population of Bijeljina. It will establish a new landmark in the sector for the whole country”, said Giulio Moreno, Head of EBRD Office in Bosnia and Herzegovina.

"This project is the result of the successful implementation of the previous project and continuous co-operation of the Government of Republika Srpska and the EBRD. In addition, the project will also help us to test the new legal structure for financing of public utilities, whereby these utilities assume more responsibility for all aspects of project implementation, through direct loan agreement with international financial institutions", said Aleksandar Džombić, Minister of Finance of Republika Srpska .

"Through the implementation of this project most of the urban population will be connected to the wastewater collection system. Grant funds from the European Union and SIDA, which were mobilised with the support of the Government of Republika Srpska and the EBRD, reduced the pressure for significant tariff increases. Nevertheless, the municipality decided to subsidise the vulnerable categories of population in order to further mitigate the effects of the necessary tariff increase", said Mićo Mićić, Mayor of Bijeljina municipality.

In 2007 the EBRD provided a similar €7 million loan to Vodovod i Kanalizacija Bijeljina to finance the initial phase of the modernisation of wastewater network in the city.

Since the beginning of its operations in Bosnia and Herzegovina, the Bank has committed close to €1.2 billion in various sectors of the country's economy.

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