

→ A new taxation system to ensure income balance

Country Romania

Project title Equilibrium: restore the balance between expenses and income

Trinning Waterboard Roer en Overmaas (the Netherlands)

Water board Trans Tisza Region Environment and Water

Directorate Debrecen (Hungary)

Somes Tisa Water Division Cluj (Romania)

Project period 1 November 2006 to 30 September 2007

Project budget € 68,021

Project objective

Enable the financial department of the Somes Tisa Water Division Cluj to design a tax system to finance maintenance expenses against flooding.

Project summary

The financial department of the Somes Tisa Water Division of Romania benefited from joint partner know-how and experience of the waterboard Roer en Overmaas, and the Trans-Tisza Region Environment and Water Directorate in Hungary to design a blueprint for a tax system to finance long term flood prevention.

Core information

Cluj County is located in north western Romania, in 2002 recording 703,000 inhabitants. Cluj County's economy is based on porcelain and ceramics production, pharmaceutical and cosmetics industries, and the IT and financial sectors. The county has tourism potential, being in a mountainous area with caves and historic castles.

Problem analysis

The Somes-Tisa Water Division of Cluj faced difficulties to accomplish its tasks because of an unbalance between income and expenses. A clear need existed to restore the balance to provide a reliable basis for financing maintenance expenses for the protection against flooding, using Dutch and Hungarian twinning partners' experience.

Project implementation

The project started with exploring and evaluating the Dutch and the Hungarian tax system and the designing of an evaluation grid. A blueprint

A practice to improve internal management of local governments

Contact details Waterboard Roer en Overmaas | Mr. Hans Lutgens, Concern controller | T: + 31 46 4205 700 | F: + 31 46 4205 701 | www.overmaas.nl | Trans-Tizza Region Environment and Water | Mr. Bara Sandore, Director | T: + 36 52 316 537 | F: + 36 52 316 662 | www.tivizig.hu | Somes Tisa Water Management Department | Mr. Aurel Filip, Financial director | T: + 40 264 433028 | F: + 40 264 432699 | www.dast.rdsj.ro

for a tax system for financing maintenance expenses against flooding based on the best practices was realized. Conferences on co-operation among the waterboards and universities of Cluj were organized for representatives of the central government, waterboards, universities and National Administration of Romanian Waters. Emphasis was put on the taxation system blueprint, as well as an extensive 90 page brochure in English and Romanian disseminated to all stakeholders.

Process management

There was considerable support from the Babes Bolbay university in Cluj and the Dutch Union of Waterboards in the Netherlands. Employees of the Financial Department understood different models of taxation (Dutch, Hungarian) and were able to pilot the Somes Tisa region. The so-called 'system of equilibrium', based on best practices of the Dutch and Hungarian tax system was the most important result achieved.

Recommendations: do's and don'ts

- The principle of taxation can be extended to environmental activities and to other regions;
- Do not underestimate the planning function in the implementation of the organization's tasks;
- Create and maintain the best possible relationship with project partners, and build effectively on project results.