

# Current Status of Water Sector Liberalisation in Bulgaria<sup>1</sup>

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## Abstract

*Two aspects of the current status of water sector in Bulgaria are discussed in the paper.*

*First, liberalisation and commercialisation: A process of decentralisation of the responsibility for the water sector from the central state to municipalities began in 1991. New legislation in 1999 consolidated the potential for state ownership, municipal ownership and fully private ownership. Responsibility and ownership of water/wastewater utilities has been almost fully transferred from the central state to municipalities, including management of water supply and sewage treatment, regulating prices, services and investment. Municipalities have commercialised water management including: clearer definitions of water users, specification of contracts for maintenance, metering of clean water and sewage, specification of how water and sewage is paid for, the conditions in which water supply and sewage collection are terminated, and the introduction of water prices. In 2001 the government suspended further privatisation in the sector.*

*Second, private sector involvement: There have been two forms of privatisation. First, the concession of which there is only one, in Sofia given to a private sector company jointly owned by a British-American consortium and the Municipality of Sofia for the operation and maintenance of water/wastewater for 25 years. The second form is "Water Associations", suspended in 2003 after 4 years of existence. They were private companies formed by employees and consumers. Departments transfer their managerial functions to the Water Associations, including transfer of "the right to use" water/wastewater utilities for a period of 10 years. Water Associations were responsible for managing, investment, day-to-day maintenance, metering and pricing, communicating with customers. Water and Sewage Departments retained the ownership and control on investment priorities.*

## Introduction

The paper analyses the current status and the process of water and sewage sector liberalisation and privatisation in Bulgaria. It first sets the scene of the general approach to liberalisation and privatisation of the public utilities in the country, outlining five categories of public utilities according to three variables – stage of privatisation/liberalisation, plans for future privatisation/liberalisation, existing parallel private services. Second, five stages of the legislation development toward liberalisation and privatisation since the collapse of communism (1989) are outlined: the first three of them, until 1999, give "a green light" to privatisation processes and the last two give "a red light" to the same processes. Further on the report gives a short account of the three major forms of privatisation in the water and sewage sector that have

taken place since 1989 (one of which has meanwhile become extinct). The history of every form's coming into being is presented. The arguments of the actors involved "pro" and "against" the different forms of privatisation are introduced – both before and after the relevant form became a reality. Lastly, the report summarises the possible further trajectories of liberalisation and privatisation of the water and sewage sector in Bulgaria. The conclusions are based on both extrapolation of current trends and the announcements of the major actors concerning their future intentions.

A variety of sources have been used in order to compose as full a picture of the sector as possible: current and past legislation, conference and seminar papers, personal interviews with experts in the area, web-sites of the major actors, newspaper articles and debates. The major problem has been not the access to the necessary information but the reliability of the data acquired. A number of contradictions have been spotted with no means to prove the true source. For instance, officially the Sofia utility concession is for 25 years and the ownership proportion is 25% : 75%, but one of the leading experts in the water sector states that the term is 35 years and the ownership proportion is 19% : 81%. As there is no public access to the concession contract the real terms could not be confirmed.

Another methodological issue arises from the effort to compare (and justify) the arguments used in the debates about the different forms of privatisation to the "reality". The problem comes from the fact that the arguments used (both "pro" and "against") are predominantly arguments "in principle", "from the books", universally valid for the abstract concept of liberalisation/privatisation – and not necessarily reflect the actual reality in Bulgaria.

Another issue is that the arguments "pro" privatisation are much "louder" than the others. Along with the constant pro-privatisation noise in the media, it is also somehow publicly stated that privatisation is not only the best option but the only option for the country. It gives, in turn, an additional weight to the arguments "pro" and diminishes the power of the arguments "against", the latter being considered as the necessary evil on the way towards the only possible future.

Due to the constant changes of legislation, the ambiguous information and the scarcity of data in general, it is difficult to draw short term predictions, let alone long term trajectories of sector's development. For instance, when this research started in late 2002 it was expected that an entirely new Water Law would be introduced until the end of the year. It has not happened so far but instead the existing Law was revised – and one of the major forms of privatisation was suspended. Also, the ownership of the Sofia utility concession (the second form of privatisation) has been changed and the Sofia Municipality Council voted for the contract to be reviewed and revised.

## General approaches to liberalisation/privatisation in Bulgaria

Amendments to the Property Act in 1990 replaced the former categories of ownership with two: state and private. The new constitution of 1991 made equal the status of all forms of property. In the housing sector both state owned land and residential property have been largely privatised and the sale of state and municipally owned housing has been authorised largely as a revenue-raising device. In the area of public utilities and services the process of privatisation/liberalisation has been much slower and controversial. The public utilities could be divided into several categories according to a number of variables: stage of privatisation/liberalisation, plans for future privatisation/liberalisation, existing parallel private services (appearing after 1989).

Category 1: Utilities and services that are still public, with no plans for privatisation and no private actors as competitors. These are the power (electricity) system and central heating (plus hot water), although some of their supporting activities are outsourced to other public or private companies.

Category 2: Utilities and services that are still public, with no plans for privatisation but co-existing with other competing private actors in the same area. These are the public transport and national radio. A number of new private services have appeared that co-exist with them.

Category 3: Utilities and services that are still public, but “on their way” to being privatised. Until soon the National Telecom was the only member of this category but (after a series of tenders) it is now privatised – and has “moved” to Category 5.

Category 4: Utilities and services that are partially privatised and co-exist with other competing private actors. Of the two public TV channels one is still public and one is privatised – meanwhile one new private channel and a number of private cable operators have appeared. Water services and utilities fall into this category as the majority of them are still public (state or municipal) but two private forms (concession and water association) have taken place as well.

Category 5: Utilities and services that are entirely privatised. These are the civil air transport and taxis. Along with the privatised public services new private services have taken place. Mobile phone services are private as well but they did not exist before 1989.

## Specific legislation in relation to the liberalisation of water

Several stages of restructuring of the existing legal and administrative frameworks could be outlined since the collapse of communism in 1989 (10.11.1989). Until 1991 there had been two forms of water and sewage utilities ownership and governance. First, government operator and public ownership – these were the specialised Water and Sewage Department (WSD) at the local authorities since socialist times. Second, private provision and self-help – this form was present in the very peripheral areas of some remote mountain villages and other difficult to reach areas.

There are four major changes in legislation providing “room” for the liberalisation and privatisation processes in the water and sewage sector.

### Stage 1: First change in legislation – 1991

Decentralisation: Decision No 108 of the Council of Ministers in 1991 starts the structural reform of the water and sewage sector in Bulgaria (Council of Ministers 1991). The Decision decrees that in a number of regions in the country part of the state ownership of the utilities – the so called WSDs – should be transferred to the municipalities (49% go to the latter and 51% remain state property). Later on other legislative acts were introduced for another group of regions that transferred all 100% of the state ownership to the municipalities. Along with the remaining WSDs that are still 100 state owned, it makes three types of WSDs at the moment.

### Stage 2: Second change in legislation – 1994

Naming and Description: Regulation No 9 of the Ministry of Regional Development in 1994 (changes in 1996, 1997, 1998, 1999, and 2000) states the conditions for water supply and sewage systems use (Ministry of Regional Development 1994). It also regulates the interrelations between the utilities (e.g. the WDSs)

and the users (private and corporate subjects). It states who is the user, how the user is represented, how the contracts between the utilities and the users are formalised, who and how builds and maintains the technical part of the water and sewage systems, how the out-of-city water and sewage mains are used, how the clean and sewage water is metered and paid for, when the water supply and sewage services are terminated, when the contract between utility and user is cancelled, who and how controls the processes.

### **Stage 3: Third change in legislation – 1999**

Liberalisation and Privatisation: A new Water Law is introduced in 1999. It regulates the ownership and management of the water on the territory of Bulgaria as a national natural resource and the ownership of the water systems and utilities (Water Law 1999). It aims at an integrated and balanced management of water in order to provide for the sustainable development of the country. It defines what is a water unit, water installation, water utility, water system, etc.: who and how (have the right to) own them, on what principles ownership interrelations are based, who and how manages the water sector. It states 3 types of ownership: state-owned (public), municipal (public or private) and private. The concept and format of two new forms of privatisation of the water and sewage sector are introduced: “water association” (WA) and “concession”. They become a reality later on the same year. The first WA is established in 1999, one more starts in 2001 (Vododel 2002: 3; Vododel 2002a: 1). The first and only concession so far started functioning in 1999.

### **Stage 4: Fourth change in legislation - 2001**

Privatisation suspended: The Government suspends the privatisation of the WSDs in 2001. It approves a list of 186 companies, including all WSDs, whose privatisation is postponed for an indefinite time (Paskalev 2001: 10).

### **Stage 5: Fifth change in legislation - 2003**

Water Associations suspended: Water Associations were suspended in 2003, exactly four years after their start – by a change in the Water Law (Water Law 2003).

## **Current structure of the water sector**

### **Highest level governance**

There are two highest level organisations responsible for the water and sewage sector. The Ministry of Environment is responsible for “the entrance” and “the exit” of the water and sewage sector: (a) from ground water extraction to after purification metering, and (b) from waste water processing units to waste water disposal. The Ministry of Regional Development is responsible for “the middle part” of water and sewage sector, e.g. transfer, storage, distribution. For the technological structure of the water and sewage system please see Table 1.

### **Utilities**

There are two general types (four subtypes) of water and sewage utilities according to their ownership and legal status: Water & Sewage Departments (WSDs) and concession. Until recently there were three general

types – the third one being the Water Association (WA) suspended in 2003 after 4 years of existence as it became clear that they are not a viable option (Water Law 2003). All three types are presented below.

### Water & Sewage Departments (WSDs):

There are 48 WSDs at the local authorities in the country (Paskalev 2001: 8).

**Scope:**

- 28 of them are regional, responsible for 3 to 20 municipalities each
- 20 of them are responsible for 1 municipality each.

**Ownership:**

- 100% municipal: 19
- 51% state owned + 49% municipal: 16
- 100% state owned: 13

### Concession:

There is one concession in the country – in Sofia, contractor of the Municipality of Sofia's WSD. It is approved by the Municipality Council in late 1999 and reaches a financial close in late 2000. It is the first major water concession to be tendered on a project finance basis in Central and Eastern Europe (PricewaterhouseCoopers 2000). Preliminary feasibility studies for concessioning two more utilities were carried out but after the disappointing example of Sofia utility the procedure was suspended.

After a tender, the concession is granted to "International Water", a British-American consortium. A new jointly owned company – "Sofia Water" – is established with "International Water" and the Municipality of Sofia as partners. Before the concession the WSD at the Municipality of Sofia has 100% ownership of the water supply and sewage system. Initially it is agreed that "International Water" and the Municipality of Sofia will have each 49% of "Sofia Water", the EBRD will have 2%, and the concession will be for 25 years. The contract however states that "International Water" has 75%, The Municipality - 25% and the concession is for 35 years (Stoyanova 2001). According to an unconfirmed outside source, after a year the ratio is restructured to 81% for "International Water" and 19% for the Municipality of Sofia – there are no public data about this. Three years after the launch of the Concession it is announced that the EBRD is to become the fourth shareholder in "Sofia Water" (Editorial 2003a).

**History:**

The concession procedure takes 7 years. The EBRD supports the Municipality in the development of the initial concession concept, appointment and funding of the advisory team and as guarantor of the procurement process (PricewaterhouseCoopers 2000). A loan from the EBRD is provided. Part of the loan (23 million) is designated for re-financing of the concessionaire's initial expenses for the project. The water prices afterwards follow an increasing curve which is a result – as concession officials say – of a calculation formula, included in the contract (a number of NGOs oppose this statement). The price is coordinated by EBRD, the Municipality of Sofia and the concession. PricewaterhouseCoopers provides lead financial advisory and project management services to the Municipality of Sofia, heading a multi-disciplinary team that includes CMS Cameron McKenna and Hyder Consulting Ltd as legal and technical

advisors respectively. The Municipality is also assisted by Eurolex Bulgaria Ltd (PricewaterhouseCoopers 2000). More than 30% of the Sofia Municipality Council vote against the concession during its session in November 1999 (Stoyanova 2001). Three years later, in 2003, representatives of all Departments of the Council form a Commission that requests a total and systematic audit of the concessionaire for the first two years of its existence (Dimitrov 2003; Naumov 2003). Otherwise fighting political fractions within the Council unite their efforts in this case. They state that introducing the concession is a political decision, taken under political pressure. The Commission request an independent expert to assess the situation. Omonit Ltd., a municipal company especially established (in 2001) to control the activities of the concessionaire on Municipality's behalf is delegated the audit (Marinova 2001: 29). The results are controversial and arguably transparent (Naumov 2003, Paunovski 2002). In mid 2003 the Council votes for the contract to be reviewed and revised.

### **Water Associations (WAs):**

Water Associations (WAs), as stated by the Water Law, are private limited liability companies, registered under the Trade Law. They are transferred – by the owners, the WSDs – the right to use a particular water and sewage system or utility for a 10 year period. The property remains municipal. The WAs are established by two groups of people: Employees from the initial WSDs plus representatives of the consumers at the municipalities within the city or the region. The employees move to their new positions without a change in their employment contract (as allowed by legislation). Managers from the initial WSD become managers of the three new WAs.

From the beginning of 2001 to mid 2003, there are four WAs in the country. Three of them are contractors of one WSD, one is a contractor of another WSD in another region (Tomov 2001: 77). As was already mentioned above, WAs are suspended by a change in the Water Law in 2003 (Water Law 2003), due to an increasing number of conflicts between the involved parties (WAs, WSDs, customers, etc.), bad management, suspected corruption, etc.

### **Contract arrangements:**

- WSDs (as owners) transfer to the WAs “the right to use” the water and sewage utilities for a period of 10 years
- WAs pay “a right for use” which is calculated on the basis of the yearly amortisation of the utilities for the 10 year period.
- WSDs coordinate the WAs investment program and keep a full control on investment priorities and on the right to exercise an investment control.
- WAs are responsible for the everyday repairing services and the maintenance of the installations as a whole.
- WAs are authorised to change the water prices.
- WAs meter the users' consumption and collect the bills.

The first three Water Associations are launched in October 1999. WAs were implemented twice – first by the WSD of the city and county of Veliko Tarnovo (1999) and then by the WSD of the city and county of Sliven (2000). In the first case the right of use is awarded to 3 private WAs. The water supply and sewage system throughout the county is divided between them. In the second case one WA takes care of all

utilities (Tomov 2001; Tomov 2002; Velinova 2002). Water Associations as the second form of privatisation of water and sewage utilities in the country are suspended in 2003 (Water Law 2003).

## Debates about privatisation in the water sector

Two groups of arguments could be outlined: Arguments “before” and arguments “after” the relevant form or liberalisation/privatisation takes place. Arguments “before”: These are the arguments concerning the concept (the theory) of the relevant actor or form of liberalisation/privatisation, taken (or publicly said to be taken) into account before its actual implementation in reality. Arguments “after”: These are the arguments concerning the reality (the practice) of the concept, after it is implemented in the particular environment and after the actor starts acting.

### Arguments about the WSDs

It is largely proclaimed that the WSDs “fail to properly fulfil the task they are given”, e.g. to resolve the sore problems in the water and sewage sector: Huge losses of water and energy, lack of clear objectives and strategic business plans, lack of long term financial planning, lack of adequate investment, weak human resource management, lack of adequate personnel training on all levels (Paskalev 2001: 3) are their drawbacks. Besides, the WSDs have a total monopoly over the serviced region, there is no competition, the prices of their services are also liberalised, there is no regulatory organisation, and the monitoring of their activities is limited or missing. As a result intense arguments about the private sector involvement are given a green light.

### Arguments “before”: Why should the private sector be involved

The arguments “pro” state that there is a number of basic problems in the sector that cannot be resolved by the existing actors, approaches and type of governance – and that these problems can only be resolved by private sector involvement (Tomov 2001: 74; Tomov, 2002: 4). Only one of the arguments is specific for the sector: Huge losses of water and energy. The others are the standard arguments “pro” privatisation (listed above): Lack of objectives and strategic plans, lack of financial planning, constant postponing of adequate investment, weak human resource management, no personnel training. It is believed that unlike the public sector, the private sector involvement will achieve goals such as: Investment planning, better management, improved effectiveness, competitive environment, higher standards of service, customers / users protection, socially acceptable water prices. One more argument states that the liberalisation/privatisation in the water and sewage sector could be easily implemented in Bulgaria as the experience of other countries can be utilised.

The arguments “against” were generally missing in “public space” before WA and concession were established – e.g. before the actual start of the private sector functioning.

### Arguments “after”: What privatisation has brought to the sector

After the two forms of water sector privatisation (WAs and concession) started functioning three types of recurring concerns take place, expressed by the majority of actors: Economic, social and environmental. Economic arguments state that the promised investments are not invested, the funds are not properly and effectively used, the national capital is exported, and foreign instead of national producers and experts are employed by the foreign actors. Social arguments state that the prices of water increase constantly and

unreasonably, the employees are made redundant, the quality of service is not improved, and (again) the national subcontractors and experts are excluded. Environmental arguments state that the water losses do not diminish, the installations are not properly maintained and renovated.

Along with the above concerns, some more concerning larger managerial and policy issues could be outlined. First, the contract procedures and agreements are not precise and transparent, which makes it possible to reject the best candidate and encourages corruption. Second, it can be very difficult to alter or cancel the contract if circumstances change. Third, the state monopoly is replaced by a private monopoly which is even worse. Fourth, the municipalities are both contractors and controlling bodies, thus producing a conflict of interests and giving a room for socially not acceptable agreements. Fifth, as a result nothing changes – prices go up, services do not improve, water losses do not decrease, installations amortize, inequality is exacerbated.

## Arguments about concession

### Arguments “before”: Is concession “good” or “bad”?

The majority of them repeat the ones supporting and rejecting privatisation in general.

The arguments “pro” state that concession is well known abroad, e.g. easier to implement, with less risk involved, with positive and negative sides easily predictable. As it is given after a tender the competition will bear better results. As a private enterprise the concession will guarantee an increased effectiveness, will provide the necessary investments (diminishing the burden on local authorities), and will relevantly plan for the future. And, as a result of the better management and sustaining, the water losses will diminish (Tomov 2001, 2002).

The arguments “against” state that the procedure in general would be a slow and clumsy one as there is a large number of different forms of ownership – e.g. the three types of WSDs. Huge initial expenses for research are needed. The initial investment requests loan taking which increases the water prices. All investments are made at the beginning of the concession and the initial owner (e.g. Sofia Municipality) will get the property amortised at the end. Hence, for a long period of time the state loses control over priorities such as guided investment and water price. As the concessionaire is a foreign company the profits will be exported and fast profit will be looked for. There is no guarantee that the employees will retain their positions (Tomov 2001, 2002; Hitrov 1999).

Actors’ positions towards concession. The National Committee for the Improvement of Sofia Water Supply (an NGO) displays an entirely negative attitude towards concession, especially if it is given to a foreign concessionaire. In early 1999 it organises a conference about the latter – the participants vote “negative” and send a Memo to the then Prime Minister and the Mayor of Sofia-Region (Hitrov 1999). A research in late 1999, shortly after the concession contract, asks the citizens if they agree “to give the water of Sofia” to a foreign company. 54% answer “no”, 15% say “yes”, and 31% say “I don’t care”. There are no gender and political correlations. Younger people are more inclined to answer “I don’t care”. People over 50 are most concerned about the negative consequences of concession. Those who answer “no” argue that the foreigners will benefit on our expense and will learn classified information about the country (ACCA-M 2000).

## Arguments “after”: Concerns about Concession

A number of actors explicitly express their concerns about the actual results of the concession, differing from those initially promoted and promised (Velinova 2002a: 14; Vulov 2002). Among the actors are a number of NGO's, professional unions and associations, Sofia Municipality Council.

According to the National Committee for the Improvement of Sofia Water Supply (an NGO) the process of achieving the concession agreement is not transparent and it does not make clear at least four major issues: the business plan of the concessionaire, the investment programme and the amount of the capital the concessionaire enters the agreement, the concessionaire's intentions concerning the local producers, the price formation and consumer protection (Stoyanova 2001).

Aquapartner, another NGO, is concerned that there is no effective control on water prices and that a large numbers of employees are made redundant. It is concerned that the outsourcing of part the concessionaire's activities is not good (although no explanation “why” is given). Another concern is that the national product is exported as the concessionaire is a foreign company. Huge expenses are made for consultants and research with fees going to foreign companies as well – it would have been more beneficial for the country if these funds are spent for renovating the amortised equipment and installations. Besides, it is not clear what would be the systems condition at the end of the concession if the investments are made at the moment.

The Federation of Consumers argues that the water prices are not justified and not acceptable (Dimitrov 2003a). Other professional associations believe that the tender was not transparent and the contract was not co-ordinated with the major interested parties except for a small number of representatives from the Municipality (Dimitrov 2003a).

The above mentioned Commission of Sofia Municipality Council representatives is mainly concerned with transparency and corruption – they state that the concessionaire's investment programme and financial state is “in fog”, that the initial 20 annexes of the contract are hardly seen by any interested party and it is highly probable that new annexes are added afterwards (Dimitrov 2003a). Their social concerns include that half of the employees are fired although the contract requests just the opposite, that bills are overcharged and invoicing is a mess, that the latest (January 2003, a third in a row) 15% raise of the water price is not legal and not justified. Their environmental concerns include that water losses increase. They also argue that the sub-contractors are not paid for their services with the excuse that there is a lack of funds, but nevertheless “Sofia Water” builds new offices and purchases 50 new cars. Another issue are the constant breakdowns and lack of investment in maintenance, as contracted.

“Omonit” Ltd, the company for municipal control on the concession proves after a thorough audit that the concessionaire does not follow (some of) the contract requirements and the general legislation in the country (Velinova 2002: 14). Funds leave the country although they should be invested in water and sewage sector restructuring (e.g. all funds designated for external consultancy and research for the whole term of contract, about EUR 9 million, are spent for the first 1,5 year without acceptable financial documents). All companies for external services (insurance, audit, software, equipment, etc.) are not chosen by a tender, as requested – and almost 100% of them are foreign. The investment also does not follow the contract. There is no report about the investment programme implementation; the same applies to the budget report. There is no economic assessment of the projects carried out (as required by the contract) – as a result expensive and not effective projects are implemented.

According to the two major actors “on the opposite side” – the Mayor and Deputy Mayor of Sofia and the EBRD (c/o its Director for Bulgaria) – there are no reasons for concern (Velinova 2002: 14). EBRD officially states that the water concession project is a very successful one. He also argues that the transfer of funds to the concessionaire’s bank accounts abroad is legal, as a part of the EBRD loan for the water concession is designated for re-financing of the concessionaire’s initial expenses for the project. The new water prices are justified by the contract as they result from a calculation formula, included in the contract (Editorial 2003). The price is co-ordinated by EBRD, the Municipality and the concession.

## Arguments about Water Associations (WAs)

### Arguments “before”: Are Water Associations “good” or “bad”?

The majority of them repeat the ones supporting and rejecting privatisation in general.

The arguments “pro” claim that there are three major benefits from WAs: Fast and easy start, efficient and effective management, social benefits (Tomov 2001: 76; Tomov, 2002: 4). The establishing procedure is very fast as only the decision of the WSD’s Council is needed, no excessive investment is required “at the entrance” of the procedure, the liabilities of the WSD’s are not transferred to the new WA. The management is efficient and effective as there is a strong financial discipline in the investment process, investment planning and return are guaranteed, the work effectiveness is improved, maintenance expenses are not increased and unreasonable profits are not chased. Social benefits comprise of socially acceptable water prices, increased quality of services, and systematic prophylactic instead of post break-down reaction.

The arguments “against” state that – as there is no competition when choosing to whom the right to use to be transferred – there is no guarantee that the best candidate will be selected – thus creating opportunities for corruption (Tomov 2001: 76).

### Arguments “after”: Concerns about Water Associations

During their initial steps, WAs seemed to be less controversial than the concession. One reason for it however could be the limited publicity and transparency they get in comparison with the concession, especially having in mind that all of them are in provincial towns. The “cold war” between the WSDs (the initial owners) and the WAs and the following suspension of the WAs suggests that more on-site research is needed in order to outline the picture.

There are public concerns after the WAs start: the criteria for appointing a WA are not clear and transparent, no WA has an explicit investment programme, WAs use land without paying a rent, the users are charged excessively (having in mind the cost of water, the investments made and the quality of service), the profit goes to the WA’s bosses (Velinova 2002 a: 14). WAs themselves report optimistic results: 3 times investments increase for 2000 in comparison to 1999 and 25% increase for every year afterwards, 55% profit increase, improved revenue profitability, better financial discipline in investment, increased financial autonomy, no change in water prices, new jobs, no employee redundancies, training for all employees (Tomov 2001: 78).

## Future Trajectories

The future trajectories of the water and sewage sector liberalisation/privatisation are not clear. After the initial “speed gathering” the tendency towards liberalisation/privatisation is slowing down. The further privatisation of the WSDs is suspended, as are Water associations. Further concessions have been planned in other city areas, however, these have been postponed due to unsatisfactory developments with private sector involvement in Sofia. There is no explicit strategy yet despite the extensive discussions about the topic. A new Water Law is developed but not passed yet by the Parliament (waiting for almost two years). It is expected that it will take into account the experience of the last four years since the current Water Law has been in effect - and probably consolidate the legal context for private concessions and further forms of privatisation.

## Notes

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Table 1:



