



# The Reforms In The WSS Sector In Bulgaria

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# Current State - Infrastructure

- 111 thousand km<sup>2</sup>
- 7.265 million people – 73% urban, 27% rural area
- \$ 7 500 per capita GDP (2013)
- 0.5% GDP growth (end of 2013)

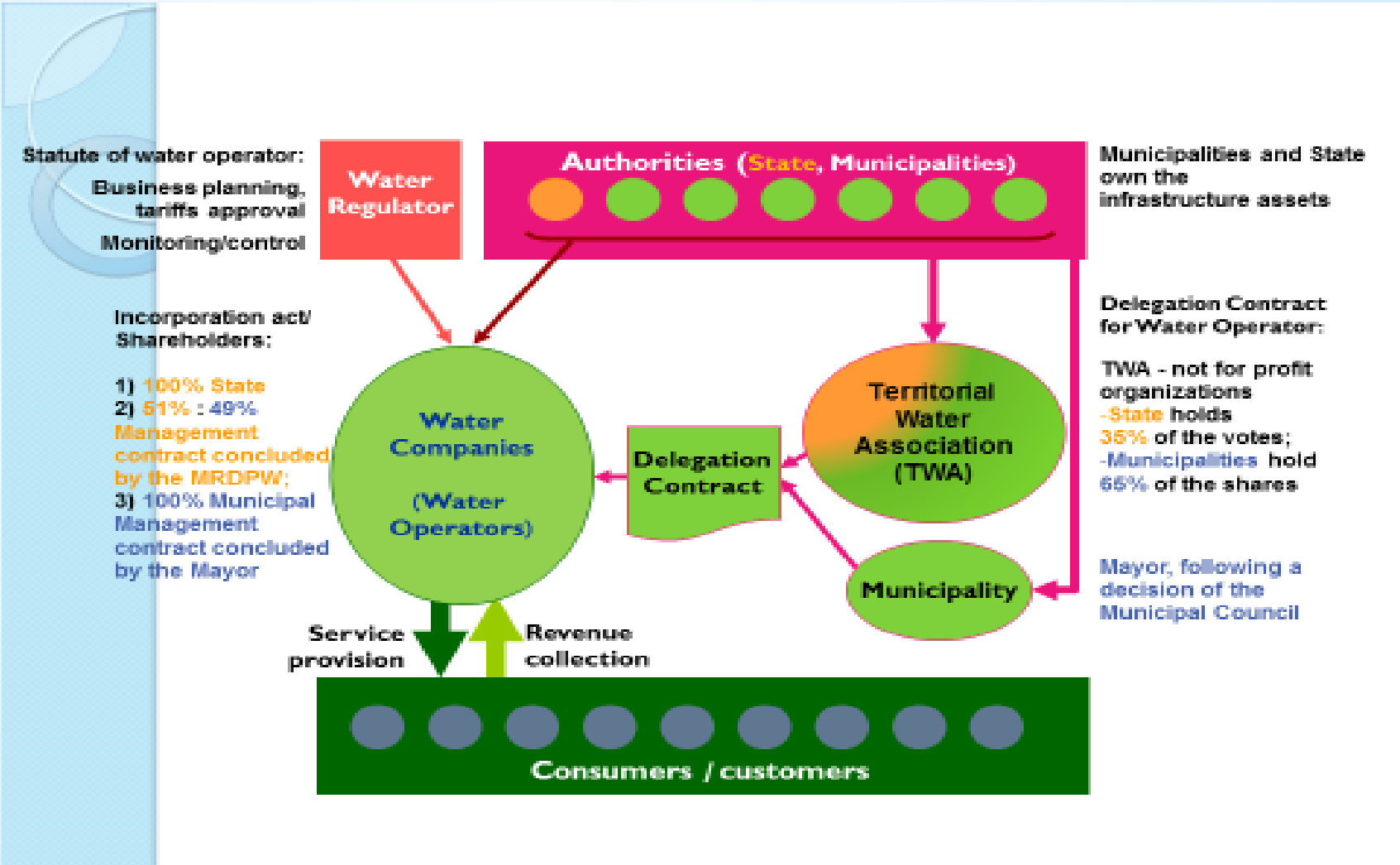


- 98,6% of the population has access to water supply network.
- Populated areas with water supply – 5 031.
- Treatment plants for potable water – 49 completed, 7 in process of completion.
- 40 % of the potable water comes from surface water sources and 60 % from underground resources.
- Sewerage network completion in urban areas - 67 %, whereas in rural areas – 3,2 %.
- Waste water treatment plants - 89.
- The anticipated investments from the EU funds for the water sector cover partially all needs.

## Current State – WSS Operators

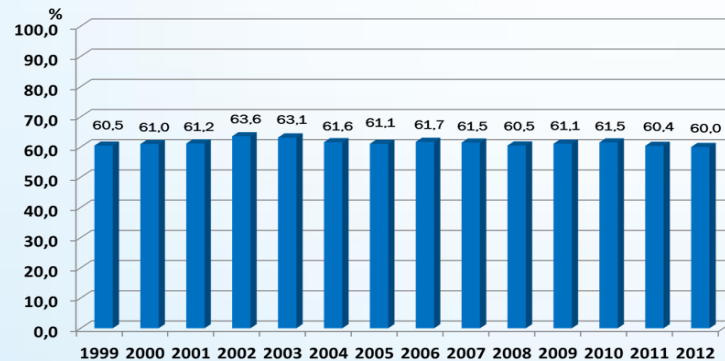
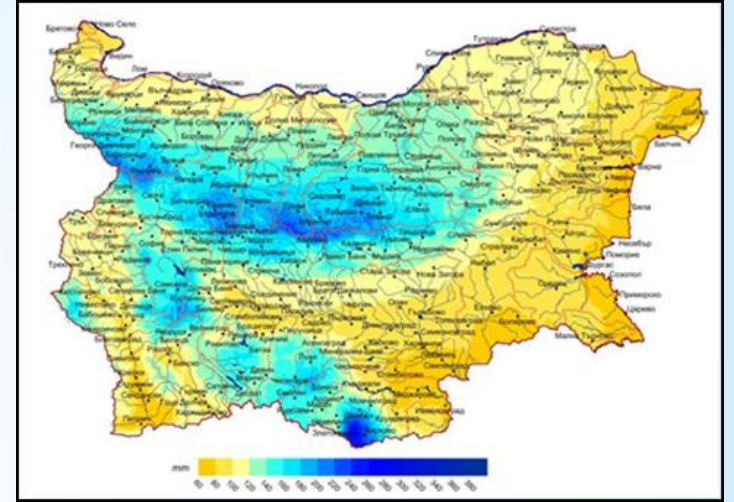
Form of ownership of the regional WSS operators in the secluded areas	Number of operators
100% state ownership	14
100% municipal ownership	22
Mixed ownership: 51% state, 49% municipal	15
Mixed ownership: municipal and private investor (Sofia municipality)	1

# Institutional setting of the water sector



# Challenges

- ▶ Uneven distribution of the water resources across the country
- ▶ Climate changes
- ▶ Decreasing population
- ▶ Bad condition of the infrastructure because of the poor investments in the sector during the last 20 years
- ▶ Segmentation of the WSS systems and presence of small operators that can not generate enough resource to maintain the networks and the treatment plants
- ▶ Large water losses in water supply networks



# The Reform In The WSS Sector - Reasons

## 1. Improving of the WSS service

Over 99% of the population in Bulgaria is connected to centralised networking system but because of the low levels of investment during the last 25 years the quality of the services is not good regarding indexes such as continuity of water supply, pressure and quality of water.

## 2. Efficiency: Recovery of the Costs, Non-Revenue Water, Exploitation and Commercial Efficiency

Many WSS operators do not succeed to achieve recovery of the expenses even with minimum levels of tear and wear. The water losses (non-revenue water) vary from 30% to 80%, with most of the cases it is around 60%.

## 3. Covering of the Needed Investments

The national strategy for management and development of the water sector in Bulgaria 2014-2023 anticipates investments of 11.7 billion BGN. Not more than 35-40% could be covered by the EU donor financing.

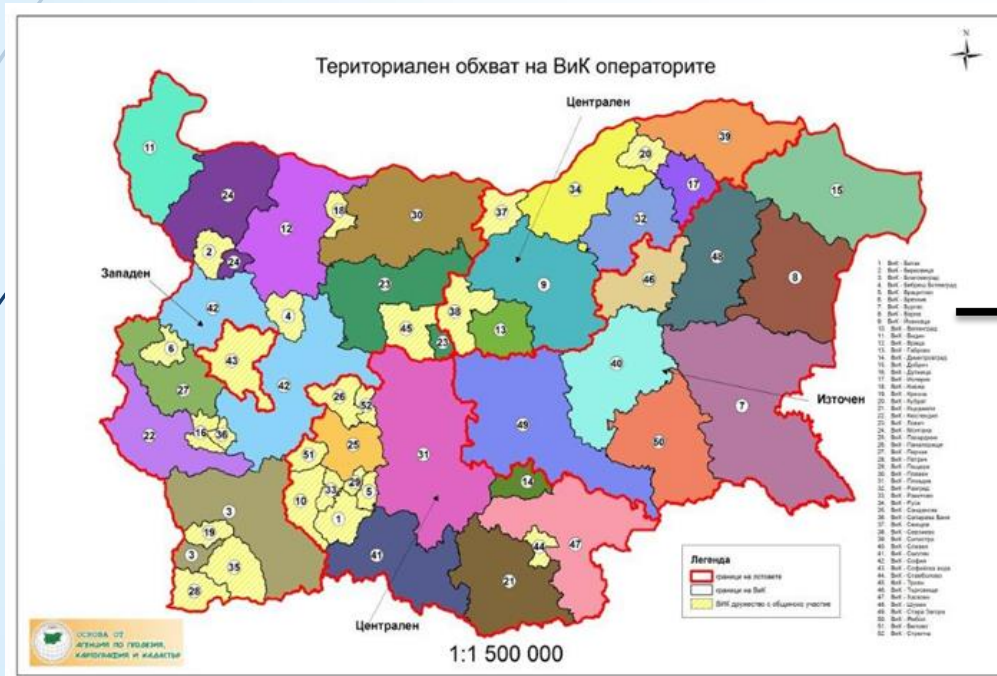
## 4. Ecological correspondence

Mainly regarding the requirements of the Directive for treating of urban waste waters – 10 000 and 2 000 equivalent population

## 5. Social endurance of the tariff

The tariffs for a complex WSS service in the country vary from a little below 1 BGN/m<sup>3</sup> to a little above 3 BGN/m<sup>3</sup>. Most of it covers the "water supply" component and less for components "disposing" and "treating".

# The Reforms In The WSS Sector – Economy From The Scale



# The Reforms In The WSS Sector - Areas

## 1. The new contract frame in the sector: WSS association – WSS operator

This is most important phase of the reform: 15-year contract for owning, maintaining and exploitation of the WSS systems and equipment. The main moments are – actives, levels of services and investment requirement.

## 2. Public WSS assets

Currently is undergoing a process of taking out the assets from the balance of the WSS operators. Important processes – dividing the ownership (state public – municipality public), reassessment, transferring for ownership to the operators, preparing registers of the assets.

## 3. Regional approach towards investment planning

Aim: integrated regional planning on the level of administrative area through regional feasibility studies. One area – one regional investment plan for a WSS operator.

## 4. Financing of the sector: combining of the funds

Maximising the available investments with combining all sources – European funds (Operational Programme "Environment", Programme for "Development of Rural Areas" and Operational Programme "Regional Development"), self-financing from the operators, state and municipal funds and attracted financing – loans and specially developed financial tools.

## 5. Reform in the regulator

Water regulation exists in Bulgaria since 2007. The first full 5-year regulating period was 2009-2013. Currently some changes are being prepared in the legislation regarding the regulation of the services and price-formation. The Energy and Water Regulatory Commission has an important role in the approval of the business plans that will be developed using the pre-made regional feasibility studies.





# Thank you for your attention!

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