Lessons Learned from Armenian PPP-Based Reforms

**Part 2: First Phase of Reforms**

After declaration of independence in 1991, the water sector of Armenia passed through many serious challenges. Despite the abundance of water in the country, it was available for only a few hours a day and some districts sometimes did not receive water in a given day. The quality of the supplied water quality was at high risk. The tariff only covered about 30% of the operation costs.

Before the reforms, when the local self-governances were created in Armenia, the responsibility for WSS was delegated to them. But most of them didn’t have the necessary capacities to manage such infrastructures and they failed with the task. Then operation of the infrastructures was again resumed by the public utilities. But the public sector didn’t show positive results either; moreover, the situation went from bad to worse each year. In spite of receiving perceptible subsidies from the state budget, all the companies were about to go bankrupt. The studies also proved that the privatization of water supply and sewage systems was not interesting for the private sector.

In the beginning of 2000 PPP-based reforms in the water sector has been started. The reforms were directedat the legal and institutional spheres, investment priorities, tariff policies, as well as at water metering and PPP arrangements.

The first phase of PPP-based reforms mainly ended in 2013-2014 and in the mentioned time 3 Management and 1 Lease Contracts were implemented with participation of the European famous operators: Veolia, SAUR (France), ACEA (Italy) and MVVs (Germany).

As a resultof the firstphase ofreforms the country’s water sector has been restructured with notable results achieved: the water supply duration has increased 3-4 times and is currently average 19-23 hours (24 hours in major residencies); supplied water quality complies with health standards; affordable water has been provided, which is more than twice less than the affordability international recognition of 4%, collection level has been increase more than 4 times. As an outcome of the reforms all the water supply companies, although having been on the verge of bankruptcy, entered the list of the best tax-payersof the country.

All these actions have allowed to improve people's living standards, the environment, public health and sanitation without restriction of access to the services for any groups of population