

Armenia

Population served: 1,230,000

Organising authority: The State Committee of Water Economy (SCWE).

Public service company (société de service public): Armenian Water and Sewerage Company (AWSC).

Water and sewerage operator: Saur Sevan Services, a local, privately-controlled company (a subsidiary of SAUR) established in 2005.

Location: More than 330 collectivities throughout Armenia.

PPP description

After an international consultation, a management contract has been implemented by the World Bank in 2004 with two priority objectives:

- Restructure the state company AWSC, on the model of a private company.
- Coordinate and manage the realization of investments (100 million US dollars) related to the rehabilitation of the drinking water production and distribution infrastructure.

Among many performance criteria (24 KPI), 4 include a bonus/malus:

- The daily availability of drinking water
- The amount of annual receipts
- The quality of water supply
- The reduction of water losses.

Between 2005 and 2011, a first programme of 114 million US\$ has been invested to restore water and wastewater infrastructure. It was co-financed by the World Bank, the European Bank for Reconstruction and Development and the Asian Development Bank. Since 2012, new international donors (KfW – Kreditanstalt für Wiederaufbau – and the European Investment Bank) have financed another 100 million US\$ programme.

Context and PPP objectives

In 2005, water supply was provided for only 6 hours a day on average. Many cities had water supply only twice a week. Infrastructure – network and treatment plants – were not main-

tained. Water pipes – more than 80 years old – were repaired using wooden wedges. The drinking water network was full of illegal connections, breakages happened every day. Without a metering and billing procedure, only 20% of households paid for water. In terms of safety, only 61% of the water provided was subject to a disinfection treatment. Finally, the systematic use of pumps, without any gravity alternative, generated disproportionate energy expense (72% of gross sales).

The objectives of the PPP were to:

- Improve daily water supply availability and water quality
- Rehabilitate and modernize the infrastructure
- Reduce water losses
- Restore water bill collection

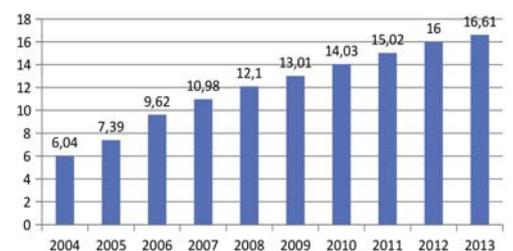


Malishka tank

Improving availability of water

Thanks to the rehabilitation of networks, the average water supply availability has risen from 6 hours to 15 hours a day between 2004 and 2013.

Weighted Average Number of Daily Hours of Drinking Water Service



- 40 towns with over 5.000 inhabitants
- 282 villages
- 1.230.000 inhabitants served
- 10.000 km of drinking water networks
- 2.155 km of wastewater networks
- 1.550 staff members

In 2014, 100% of supplied water meets the European standards.

Praised by the international Donors, AWSC received in 2012 the "Global Water Intelligence" award in the category "Best performance of the year."

At the end of the contract in 2016, the objective is to provide water 18 hours a day, on average: 24/24 in towns and 15/24 in isolated rural zones.

Improving energy efficiency

It was a priority to reduce energy expenses that were presenting a heavy burden to the operator. Technical studies have been carried out and existing mechanical installations have been replaced by new gravity water distribution networks. Pumping plants have been modernized, and equipped with more energy efficient pumps. In 10 years, the energy consumption has decreased by more than 40%.

Improving water quality

With the establishment of laboratories and multiplication of disinfection points, the quality of the supplied water meets the European standards and 100% of the supplied water has been submitted to a disinfection treatment.

Securing revenue streams

In 2004, of the 170.000 documented water-users, only 35.000 paid their bill and only 40% of the individual connections had a water meter. In 2014, 90% of the 180.600 active connections were metered and 100% of customers receive a water bill.

Several actions, including the creation of a central call center in 2011, allowed an efficient service relationship with customers and local collectivities.

Between 2004 and 2014, the annual volume of receipts increased by 100%, excluding the impact of rate increases.

Other significant improvements: management

Saur Sevan Services has paid particular attention to the human side. Concern for the welfare and staff training accompanied the organizational changes. Renovation of the headquarters and buildings welcoming staff members, training, sports tournaments, summer camps for children of employees: all actions that have strengthened the pride, motivation and sense of belonging to a modern Armenian company.



Call center Team

"Saur has met our expectations. Tangible improvements are visible, whether the distribution of water or level of treatment." Hovic Abrahamyan, Premier Ministre, mai 2014