

# RIGHT TO WATER



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**Publisher:**

Center for the politics of Emancipation,  
Right to water coalition, Belgrade

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Articles were initially published in the Serbian (BHS) language on the website of the Centre for the Politics of Emancipation ([www.cpe.org.rs](http://www.cpe.org.rs)). Presented arguments are based on the previous research that has been published 2017 under the title Water is a common good - a Contribution to the Struggle Against the Privatization of Water Supply.

The publication was supported by transform! Europe and Rosa Luxemburg Stiftung - Southeast Europe.

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EUPF is partially financed through subsidy of European Parliament



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# INTRODUCTION

Water as a public good is being under an attack by large private companies around the world. They are increasingly penetrating the water supply sector, thereby facilitating the privatization of water supplies. Their primary interest is profit-making, while community interest is secondary. This is why people all over the globe started fighting corporations.

This process did not bypass Serbia either. After concessions were made for the use of the springs, i.e. were privatized, the next step was the ravishment of water protection zones, embankments, rivers, streams, and other water resources. One of the biggest problems related to the water sector in Serbia represents arsenic contaminated water consumed by more than 650.000 people. Besides this, almost half of the public water supply systems produce defective water.

The question of water governance is also going to be a serious issue for Serbian society in the coming period. If Serbia wants to join the EU the estimate is that it will have to invest approx. 15 billion euros in the field of environmental protection (Chapter 27 in the EU accession negotiations). Third of this amount of money will have to be invested in the water sector. In present, a portion of the budget dedicated to the protection of the environment amounts to approx. 0,6% of state GDP. This disproportion of what will have to be invested and the current level of investments justifies assumption that EU integration process will open space for introduction of public-private partnerships and direct privatisation in the sphere of water management and water price increment (Water Management Strategy on the Territory of the Republic of Serbia adopted by the Government of Republic of Serbia already sets out the plan for increment of

the price of water by 100%). This will leave long-term catastrophic consequences for ordinary citizens whose income is among the lowest in Europe. This doesn't mean that Serbia shouldn't improve the environmental standards and policies, but this shouldn't be done at the expense of ordinary citizens. Government announcement of further privatization of public utilities, land, water and other natural resources represents the most urgent problem that needs to be addressed. However, the most influential actors in the public sphere, such as strong political parties and large media outlets, pay little or no attention to this issue. Water as a human right is, and will increasingly be, a subject of struggle, and so will be the water sector through which the supply and protection of water are carried out.

As the water domain has become a vital area for capital to colonize, it's necessary to conduct concrete political work on building the movement that will articulate the demand for protection of water resources from further privatization and market regulation.

We can summarize our approach to the questions of the water as a resource, supply of the users, management in the water sector, and consumption of this resource as follows:

- ✓ Access to quality water must be provided to everyone in a sufficient quantity that meets all the needs of people essential for the reproduction of daily life.
- ✓ Production of water for use must be sustainable and planned in the long term.
- ✓ Governance in the water sector must be democratized, and water as a resource must be *de jure* and *de facto* treated as a public good in the common ownership.

Implementation of this approach requires a different strategy than the one that currently dominates the water sector. Furthermore, the resolution of problems in the water sector cannot be achieved solely within the boundaries of that sector. It is a political issue that is part of the broader socio-economic processes. Because of its focus on egalitarianism, on sustainability, on the usable value of water, the approach proposed here can only be part of a broader left-wing political strategy that rethinks and goes beyond capitalist logic. Of course, implementing such a project is not easy at all.

First of all, it is necessary to initiate collective action and systematically work on the synergy of different actors such as unions, citizens' associations and various informal initiatives that fight for the defense of public goods. All this requires enormous effort in organizing. However, the current situation is such that inaction leads only to further privatization and commodification

of the public sector. By launching a collective action and bringing together the above mentioned actors, we can create a broader front that can more actively resist capital attacks. This kind of mutual platform recognized in the wider public in Serbia today is the Right to Water coalition that represents a versatile and resourceful agent for opposing dominant policies in the water domain.

Because the water sector is of utmost importance for people's lives and for the reproduction of society, close monitoring of the current conditions and drawing attention to the dangers that arise in this domain are of high importance. We believe, therefore, that the issue of water availability and management, its sustainable use and protection, is a political question that cannot be answered without adequate analysis, vision and action that put the focus on the needs of the people and not on the interests of capital. With this paper, we aim to contribute to finding such an answer.



## WHAT ARE PUBLIC GOODS?

Jovana Timotijević

First of all, the terms public property and public good should be differentiated. Although related, these two terms are often even considered interchangeable. However, we will see that their differentiation is crucial not only for understanding economic and political processes we are currently witnessing, but also for grasping the urgency of bringing the term public good into focus of fight for a more just society.

As opposed to private property, throughout our history we have also encountered cooperative, social and public property. In case of private property, the responsibility for production, management and disposal of a resource (either a specific product or a service) fully rests on a private owner – the owner decides who will have access to a specific resource and under what conditions. Cooperative property involves a certain form of “collective private property,” with a specific community (no matter how closed or inclusive, large or small) being responsible for production and for defining the principles of management and utilization of its resources. It can, thereby, decide to restrict the access to its resources only to its members or to permit free access to everyone. Public property primarily involves state ownership over resources. However, what proves to be significant about public property is who manages it. The model that was predominant in socialism, which actually existed in Yugoslavia, was that of social property, with management transferred to a greater or lesser extent from the government to the very companies and their workforce. Over the last decades that witnessed the return and domination of capitalist logic in economic and political processes in the society, social property was fully privatised,

whereas management of state property was to a large degree and through various mechanisms (public administration bodies and public enterprises) monopolised by the ruling political elite. Even though there are three types of property nominally specified under the Article 86 of the Constitution of the Republic of Serbia, state (public) property and private property remain dominant in practice, whereas cooperative property is insufficiently regulated by law and ideologically marginalised.

The fact that the state, through possessory rights, claims the right to regulate a specific public resource does not suffice to call something a public good. The proposed Draft Law on Charges for the Utilization of Public Goods defines public good as a “nature- or human-produced good set down by a special law or herein as a natural resource, good of general interest or good in general use”. Having provided the three above mentioned terms, which differ considerably in their respective consequences, as equally possible designations of public good, the law permits the situation in which the concept of general good stops being a necessary condition that turns something into public good. Therefore, water, for example, can be treated as a natural resource which can be exploited by a private individual (in return for a fee paid to the state) contrary to general and for personal good.

As opposed to the overly broad definition provided in the Draft Law, which enables numerous mechanisms of appropriation and fencing of public goods, what turns a resource into a public good is also a social consensus that such resource must not be alienated in any way and that it can be accessed by all society members, as guaranteed by the law. Therefore, we would

have to agree on what conditions should be considered basic for a dignified life as well as on what resources create the above mentioned conditions, which should then be used to derive the framework of public goods. Consequently, public goods should also include education, health and social care as well as utility services and resources that create conditions for daily survival and, eventually, personal development of every society member.

In the circumstances marked with constant pressure to apply market logic to all spheres of our lives, the fight for public goods must equally include redefinition of the concept itself and consistent transfer of such definition into the legal framework as well as specific policies dealing with public goods.

Action "Water for All" on the occasion of World Water Day, March 22, 2019 - Belgrade, Sava river embankment.



## WHY ARE WE NOWADAYS TALKING ABOUT PUBLIC GOODS?

Jovana Timotijević

During the 1990s, the process of re-introduction and domination of capitalist model in Serbian economy, marked by waves of privatisation of social and state ownership, went hand in hand with growing social stratification. Such trend additionally accelerated after the 2007/2008 global economic crisis with intensified transfer of public goods and services into commodities, which was then followed by their gradual privatisation. Consequently, for a growing number of people, the process meant jeopardising their right to satisfy their basic needs. Different mechanisms that allow private capital and ownership to gain access to public goods – such as direct sale of public property, partial authority over certain sections of public services or infrastructure as well as concession agreements (allowing private owners to exploit public property) – prevent healthcare, educational, social care, transportation and utility service systems, to name a few, from operating in general or public interest of the major part of society; instead, they are shaped and governed by the “rationality” based on increase of capital as the end goal.

Let's use a specific example placed in a local context, namely water as one of the most vital resources, to serve as an illustration of the above mentioned processes. As of 2016, Serbian legal framework no longer defines water as a good of general interest that enjoys special protection. Instead, it has become a natural resource in possession of the Republic of Serbia, which can come under the right of use and the right of lease. On one hand, water has been legally stipulated as a resource that cannot be alienated in terms of ownership – consequently, it

cannot be sold directly to a private owner. On the other hand, regardless of its ownership, in the light of a dominant trend involving transfer of goods and services into the market-driven system, its exploitation can be granted to a private individual, which is more and more the case at the global scale, either through transfer of springs and water supply or through exploitation of rivers by construction of hydropower plants. As a consequence, water supply, that has been, for example, transferred to a private company, is no longer planned, developed or maintained having primarily in mind the specific needs of the population, i.e. population density and distribution in a place or preservation of the surrounding ecosystem and water quality standard. Instead, it is primarily dependent on the ratio between demand and the price that can be obtained for water usage, which combined, can generate profit. Thus, public property, which is in this case open for private exploitation, *de facto* stops being public good. People and their needs are obviously taken out of the equation that is used to define production of something that represents a vital resource for everyone.

When a public good or service becomes a commodity, the entire system of production and distribution of such good or service is formed according to market conditions, so the access to it gradually becomes restricted and allowed to the privileged part of the population. Having in mind that such goods and services are vital for securing basic conditions that provide a dignified life, major part of the population becomes forced to, regardless of their possibilities and circumstances, secure their own earnings

that would be high enough to allow for their survival. Thus, denial of guaranteed public services and goods puts the entire workforce into a position that is susceptible to larger-scale exploitation since wages become absolute priority and necessity. Furthermore, if wages and jobs securing them represent vital conditions for survival, any fight for better conditions and any resistance to such unjust system become discouraged.

Therefore, if we want to establish a society that provides basic conditions required for a dignified life of every individual, without any discrimination, we have a multiple fight in front of us and its focus is on public goods:

- ✓ It is necessary to adopt an unambiguous interpretation of the concept of public good so that it includes everything that must be guaranteed as basic life conditions to every single individual and, therefore, cannot be treated as a commodity;
- ✓ Public goods that have been privatised must return to public ownership, whereas the public goods that have remained in public ownership must be defended from their transfer into commodities and from their potential privatisation;
- ✓ In the long run, it is also necessary for the legal framework to include all services and resources considered to be public goods in a manner that guarantees that they will enjoy such status and be accessible to everyone;
- ✓ It is also necessary to demand and establish social control over public goods (which would replace the current situation involving state control that, once again, boils down to the needs of the political elites) so that their management, development and exploitation are driven by general rather than individual interest.
- ✓ For jointly managed public goods in public ownership, with guaranteed access to everyone!



## WHY PUBLIC-PRIVATE PARTNERSHIPS ARE NOT A GOOD SOLUTION?

Jovana Timotijević

While the representatives of the Serbian government and French private company *Vinci* were signing the agreement on the concession of Nikola Tesla Airport for the period of 25 years, the decision to choose this large French company, which is supposed to help the Belgrade airport in its further development, was assessed as a “win-win investment”. Along with the issue involving non-transparent contract documents which, in this as in majority of similar cases, cannot substantiate such assessment, the very model of public-private partnership (PPP) can hardly result in a “win-win” situation owing to its underlying conflict of interest.

The term PPP was first introduced to our legal system in 2011 by adopting the Law on Public-Private Partnership and Concessions. The PPP is most commonly offered as a solution to crises in public services and enterprises, which can also satisfy the need for improvement and investment in infrastructure. It represents a model in which a certain publicly-owned resource (usually taken to be public good) is partly conceded to a private company. The inflow of private capital to a public good, realised through the PPP model, varies in form and degree of partner’s authority. As a result, the outcome of such models varies as well. However, as opposed to the standpoints that fail to question the long-term effects and usefulness of the very privatisation process, categorising it simply as “successful” or “unsuccessful”, it is necessary to clarify the conflict of interest that is initially concealed behind the partnership between public and private sector and that, in the long run, cannot produce positive effects on the entire society.

Reintroduction of capitalism, as a dominant economic system, and neoliberal austerity measures are accompanied by intense political campaign affirming privatisation, which is primarily based on constant criticism of the public sector, tagging it as “sluggish”, expensive and corrupted, and, further, on advocating the PPP as a form of privatisation that will increase efficiency of public enterprises and services, harmonise the costs of production or service providing with the price of their use, reduce government expenditures, increase competition and, consequently, improve the quality of services and production, eventually reducing corruption in the enterprises. On one hand, it is not always easy to defend public enterprises from the criticism levelled at them, especially having in mind numerous situations and experiences of the very consumers that support the theory of their corruption, inefficiency and low service quality. On the other hand, responsibility for such condition cannot be fully placed on the enterprises, especially not on the workforce employed by these enterprises. Namely, the cause must be searched for in a wider context, i.e. in the processes that reduce the entire economy to market logic. Even though public enterprises satisfy general needs of a society, they become forced into being profit-driven, which is a predominant trend seen as a primary measure of successful operation, as well as driven by austerity measures, which demands reduction of public expenditures at any cost. Furthermore, in the course of such changes, public enterprises are pretty often already internally privatised through denying the workforce their right to decide, which is

subsequently followed by subordination of their operation to individual interests of the managing minority. Thus, they are actually already privatised although legally they still have the status of state-owned enterprises, and their inefficiency and losses are blamed on workforce as well as on public enterprise model rather than on the management (employed along party lines).

However, although certain sections of public sector need to be reformed, promoting the PPP model as the solution for public goods and services means disregarding the primary conflict of interest between the two parties involved in a partnership. Namely, public good, on one hand, involves being primarily driven by the idea of public interest, i.e. meeting the needs of the major part of the population in a society. On the other hand, private partner is primarily motivated by financial gain rather than welfare of the users of a certain service or good. In almost all examples of the PPPs implemented in Serbia as well as in other countries, such tension results in a situation where private interest and profit is given advantage over the people's needs, which in most cases represent, and this should be underlined, basic preconditions for a dignified life. When involved in such partnerships, the public sector loses the possibility to decide in whose interest a certain resource is to be used and, as a result, cannot defend the basic idea of public good. Specifically, having a "regular payer" for a partner, the private partner usually takes charge of the more profitable section, such as payment or some parts of distribution, using such deals to generate profit for itself, whereas the public partner remains in charge of the sections of the process that are much more costly and commercially unprofitable, with the incurred losses being distributed as expenditures among the citizens. Even though the PPP model is offered as a solution, with

an explanation that the private partner will make additional investments and, for the sake of its personal profit, improve the overall efficiency and quality of the services for all the citizens, applying the logic of capital accumulation, which is advocated by the private partner, to the basic social infrastructure – public services and resources as public good – in the long run undermines its initial logic and purpose.

As demonstrated through research, privatisation of public services using the PPP model produced numerous negative effects in different European countries. Owing to its constant aspiration towards profit increase, the private partner leaves the unprofitable sections of an enterprise or service system to the public partner and/or transforms the sections it is in charge of so as to become (more) profitable.

The PPPs fail to provide long-term solutions for the public sector and are particularly dangerous when it comes to public goods that meet basic vital needs of all citizens in a society. Such partnership model puts to jeopardy the very essence of public goods, based on its accessibility guaranteed to everyone, by generating profit solely to the private partner. At the same time, the private partner gives no guarantees when it comes to improvement of the services provided to the citizens, higher quality working environment for the workforce or reduction of public expenditures. And last but not least, the private partner that takes part in management of public goods jeopardises even the possibility for the citizens to take direct part in decision-making about resources that are actually directly connected with their survival.

## WHY IS PRIVATISATION WRONG?

Luka Petrović i Natalija Stojmenović

Let's consider a situation where a state or a local community finances utilization and maintenance of a common resource. Such manner of operation has existed for years; the service is satisfactory and expenses are bearable. On the justification that cost to quality ratio will improve, the politicians chosen by the community decide, without consulting the community itself, to sell a service provision and maintenance of a resource to a private individual. Although every single one of us finances through taxes operation of public enterprises, the decision is reached without our participation. Then, quite unexpectedly, the expenses increase to an extent that a certain number of people cannot afford to pay them, whereas the long-term maintenance falls into total neglect. What happens if such resource is necessary for the very existence?

Privatisation is the process that involves transfer of public property to private ownership. There are different forms of privatisation, such as direct sale, tender and voucher privatisation as well as different hybrid forms like public-private partnerships (PPPs), concession and recapitalisation. Experience gathered from many cities shows that only private business profits from privatisation, whereas the rights of the workforce are denied and public interest disregarded. Full water supply system privatisation does not happen often; what usually takes place is PPP or concession. Contracts are often completely unavailable to public and investors are protected at the expense of the citizens. In practice, investors are guaranteed to profit, whereas negative effects are transferred to the public partner and common people.

As a rule, the benefits of privatisation are derived exclusively by private companies since they are in a position to earn large amounts of money over a short period of time and without much investment because there's always a sudden rise in the price of water. Having in mind that all people must drink water and that private companies aim at earning as much money as possible, the easiest way is to raise prices since water supply is a natural monopoly. However, there is always a certain number of people who, owing to poor financial situation, cannot keep up with rising prices and consequently are denied access to drinking water. Life is impossible without water, which is why it must not become a privilege of the rich. In Serbia, the country with the highest degree of inequality in Europe, a huge number of poor people would no longer have access to water as they would be short of money necessary to pay for it.

Water supply infrastructure calls for massive investments. Private owners find it unprofitable to invest large amounts of money in infrastructure, so water supply systems remain neglected and water quality is reduced. Furthermore, it is extremely hard to control privately held water supply systems. In publicly owned water supply systems, it is easier to apply political pressure on the elected politicians and public administration, that can thus be held accountable, and directly take part in the decision-making process concerning the operation of an enterprise. Private owners can always put forward the argument that management of their own property is nobody else's business but their own, regardless of the fact that it is in public interest to

make water available to everyone. This is the very objective of privatisation – water becomes exclusive commodity available to a small number of people, which costs a lot of money. Instead of being viewed as a commodity that can generate profit for private owners, it should be treated as public good and inalienable right guaranteed by the Constitution regardless of the financial situation of an individual.



Action "Water for All" on the occasion of World Water Day, March 22, 2019 - Belgrade, Sava river embankment.

## BUT IS IT NOT A GLOBAL TENDENCY TO LET PRIVATE COMPANIES HANDLE MANAGEMENT? ISN'T IT MORE EFFICIENT?

Luka Petrović i Natalija Stojmenović

Private sector is often represented as more efficient and rational than public sector, whereas privatisation is depicted as an unavoidable magic rod that provides solution to every possible problem. Examples from around the world unequivocally show that privatisations have created various problems, depending on the specific case. The process of water management privatisation often proved to be problematic from the very beginning, so the citizens organised protests against exclusion from the process of transfer/sale of their own public good. Obvious inclination of private owners to gain maximum profit in some cases resulted in prices so high that the people were forced to rely on alternative water sources due to overborrowing. As an illustration of utter ruthlessness, consumers were even disconnected from the system. Those living in the poorest areas did not have to worry about this as most often they were not even connected to the system in the first place. Along with the above mentioned direct effects, analysis of the negative experiences has often shown that no long-term plans were developed by the companies (which is expected) and also by the governments responsible for sustainable utilization of public goods.

In the beginning of the 1980s, a large number of cities around the world decided to shift the management of their water supply systems to private corporations.

However, the consequences were catastrophic and we are currently witnessing a quite opposite process – from 2000 to June 2017, 267 water supply systems, supplying around 100 million users, were returned to public ownership. There were multiple benefits of remunicipalisation and the major ones are as follows: cost reduction, higher quality of service, financial transparency and regaining the operative control over a public good. Such return to public ownership has taken place in various parts of the world, namely in the “organised Western countries”, such as France, USA, Canada or Germany, as well as in the poorer, (semi) peripheral countries, such as Bolivia, Indonesia, Uganda or Lebanon, where it is often much easier to influence political developments if you are an owner of a large corporation. The argument that water supply systems should be privatised “to keep the pace with the rest of the world” no longer holds water. The facts show the reverse process – water supply systems gradually return to public ownership, even when large penalties are imposed for breach of the harmful contracts.

In 1999, Berlin sold 49.9% of the ownership over its water supply system to the companies RWE Aqua GmbH and Vivendi (now Veolia Wasser GmbH), and the city guaranteed certain profit rate to this company. In the event that the guarantees were not met, the city, actually its

citizens, would have to pay the penalties to the company. The benefit from the sale was received exclusively by the private company. The price of water went up by 35% and Veolia generated profit of 1.5 billion euros, whereas investments into the water supply network dropped. Owing to this and after the referendum initiated by social movements, the city decided in 2012 to fully regain ownership over the water supply system, with the entire privatisation process resulting in a loss of 2 billion euros incurred by the city of Berlin.

In 1984, the Paris water supply system was given under a 25-year lease to two private companies – namely Veolia and Suez. In 2002, it was discovered that the price of water was 25% to 30% higher than realistic. Upon the expiration of the contract, the city did not want to continue its cooperation with these private companies, establishing instead a governing council of the water supply system, with guaranteed seats for the people employed in the water supply system and for the representatives of social movements. Within the first 5 years following its return to the public ownership,

30 million dollars were saved, the price of water was reduced and solidarity funds were established, guaranteeing the right to housing and the right to water to the poor inhabitants of the city.

It is true that public enterprises are often used as the means to satisfy the interest of the ruling parties, which inevitably affects the quality of their work. However, this should not be cited as a reason for privatisation since the process would be carried out by the very parties usurping the position. Privatisation of water supply would block us from taking part in decision making in the fields which directly affect our lives. In the short run, some money would come to the state coffers, but, in the long run, the interest of the private owners would inevitably harm the public interest, as unambiguously demonstrated by the international experience. Instead, the solution lies in making effort to establish supervisory bodies and to reform public enterprises so that their operation would become transparent, controlled and aimed at the benefit of the citizens.

## WHAT IS THE GOVERNMENT'S POLICY ABOUT WATER?

Nemanja Pantović

When it comes to water management, the Government's public policies are based on several documents and the following are currently considered the most important ones: The Water Management Strategy for the territory of the Republic of Serbia up to 2034 (herein referred to as the Management Strategy), the National Programme of Environmental Protection, the National Disaster Risk Management Programme and the Environmental Approximation Strategy, whereas the Water Law represents the principal regulatory act.

The actual intentions the Government has when it comes to water will be best understood if we analyse the proclaimed goals and compare them with the practical steps towards their realization.

Even though the adequate documents dealing with public policies do exist, the most evident issue about them is that they remain a dead letter. Furthermore, the manner of formulation and realization of these public policies, which rarely involves participation of the public, transparency and appropriate implementation, is another trait of the long-term strategies and their realization. The mere formal existence of the idea of public debate does not mean that the interests of the public will be built in strategically important documents. In the situation where the public is fragmented and fails to organize its own interests and to use its own power, its participation is reduced to democratic ritual devoid of content, to a process the government uses to make its rule legitimate, putting up a facade of democracy, which is actually absent from the domain of declared public policy.

In the Management Strategy, the Government itself declares bankruptcy when it comes to its contradictory policy: "Basic problems in the conservation and protection of biodiversity are: infringement of prescribed regimes and measures for the protection of plants and animals, landscape and geological heritage, primarily due to excessive exploitation of natural resources, poor coverage by urban planning documentation and the prominent illegal construction of facilities in protected areas, insufficient public investments in the conservation and sustainable development of the most representative areas and key types of biodiversity". Even though the state is aware of its inconsistent action, it virtually annuls everything mentioned above by supporting the construction of mini hydropower plants in mountain areas rich in water and by allowing and actively supporting (through subsidies and preferential price for electricity) the activities it deemed harmful, like excessive exploitation of natural resources and illegal construction of facilities in protected areas. Also, it is clearly stated in the Management Strategy that "water, as well as the development and management of water infrastructure, constitute both national interest and national responsibility". Discrepancy between the proclaimed goals of the water policy and its actual implementation becomes much clearer if we consult the Decree on Conditions and Manner of Attracting Direct Investments adopted in June 12th, 2018, which, in a separate annex, lists 30 spa resorts that could become the object of massive – and state-subsidized – private investments and, consequently, of privatisation.

If we disregard the absence of formal and essential conditions that would allow penetration of the public interest into the policy and instead turn to content analysis of the umbrella document, namely the Management Strategy, we will notice a clear partiality on behalf of the executive authorities to the private interest which, unlike its public counterpart, is carried out zealously. Thus, as stated in a section of the Management Strategy entitled *Use of Mineral Water for Bottling*, the plan is to increase exploitation of water with mineral properties and export it to global market. This plan includes privatisation of springs and accelerated exploitation of water resources, accompanied by mineral water price increase in the domestic market and damage to ecosystem sustainability.

The state also backs away from its management role in other fields crucial for water access. This is best illustrated by recent indications involving privatisation of the Belgrade water supply system. From the legal point, privatisation of utility activities is forbidden. However, amendments to the Law on Public Utility Activities, which were adopted in 2016, have opened the door to private capital and enabled it to provide services of general interest, traditionally managed by the state, putting us just one step away from privatisation. The examples from around the globe show that transfer of water supply management to private companies leads to drastic increase in prices. The outcome of the process that involves subordination of basic human needs to the logic of enrichment of private owners will be as detrimental to the quality of life in Serbia.

When it comes to water supply systems, the Strategy will apply only to those “dealing exclusively with production, channelling

and treatment of water”, therefore to the largest complexes of water supply infrastructure, primarily the Belgrade water supply system. The Strategy specifies that the decision on the status issues (contract awarding procedure involving transfer of authority over the utility activities to other legal entities, amendments to memorandums of association, decisions on surrenders or acquisitions of parts of enterprises) is to be reached by the assembly of a specific unit of local self-government. Such regulatory framework opens up all the relevant levels, from the national to the local ones, for the inflow of private capital.

The core problems of the Government policy in this field are clearly visible in the above provided examples. Namely, the Government adopts strategic documents representing its goals, which in practice fail to be implemented in the proposed manner. Furthermore, the mere manner of setting such goals runs contrary to the principles of environmental sustainability as well as to the public interest of preservation and improvement of water resources and infrastructure. In the current situation, the Government sees capital as national interest, whereas the interests and voice of the citizens are disregarded in the process of adoption and realisation of public policies. Such state is no longer a guardian of the public interest, transforming itself into a mere mechanism for gradual, although accelerating, ownership transformation of public capacities into the private ones, all this in the field of vital importance for life and health of the general population.

## WHY IS CHAPTER 27 SO IMPORTANT?

Aleksa Petković

In 2014, Serbia initiated its European Union (EU) accession negotiations. To become a member state, Serbia must harmonise its legislation with the EU regulations. EU legislation is divided into 35 chapters and every one of them covers the fields under EU competence or under mixed competence of the EU and its member states. Chapter 27 covers the field of environment protection and climate change. The first step towards the opening of a chapter is “screening”, i.e. analysis of the Serbian legislation compliance with the European legislation. In 2014, the European Commission concluded that the Serbian legislation is completely non-compliant with the European legislation in this field. The second step towards the opening of a chapter is preparation of Serbian negotiation position, i.e. adjustment process planning, analysis of the necessary investments and setting deadlines. This means that Serbia can request prolonged transition and derogation periods with regard to Chapter 27. Even though the negotiation position was planned to be finished in June 2018, the deadline has been extended for at least one year. The reason for such constant extension lies in the broadness of the field as well as in the funds required to reach the set level. The Minister of Environmental Protection in the Government of the Republic of Serbia, Goran Trivan, said that approximately 15 billion euros will be needed over the following period of 25 to 30 years. The latest European Commission’s 2018 report noted that Serbia had reached a certain level of preparedness in the field, which is a minimum progress comparing to 2014. According to the Secretary of State, Ivan

Karić, water and waste management are the most difficult fields in Chapter 27 and these two fields alone will consume about 6.4 billion euros. According to the 2011 National Environmental Approximation Strategy of the Republic of Serbia, around 5.5 billion euros were planned for the water field alone. It is important to stress here that the above mentioned document stipulates that Serbia will become an EU member state as of 2019. Therefore, a new strategy is expected in October 2018.

The goal is for Serbia to start treating 100% of wastewater by 2041. Having in mind the existing infrastructure, the issue of illegal construction of facilities in riverine and lacustrine terrains, construction of SHPs and poor control over exploitation of river sediments, the current situation in Serbia is alarming. For example, as much as 40% of water in public water supply systems was found to be undrinkable and 32% of water leaks out owing to neglected water infrastructure.

As for the normative section of Chapter 27, it is important to stress that the list of the applicable EU regulations dealing with water protection and management includes 55 different acts. Four most important EU directives dealing with water are as follows: The Water Framework Directive, Nitrates Directive, Urban Waste Water Treatment Directive and Drinking Water Directive.

Such situation indicates that implementation of Chapter 27 comes across serious obstacles in Serbia. There are three aspects we would like to point out: financial aspect, the problem of infrastructure, the problem of process transparency and operation of institutions. The text above contains various

examples illustrating the amount of finances necessary to reach the required standards, provided the investments were distributed until 2030 and on the assumption that by 2021 Serbia would become an EU member state and have financial support and access to European funds. Having in mind the improbability of the situation, the second scenario becomes highly plausible. The bottom line of such scenario is that, for the sake of the above mentioned investments and infrastructure improvement, Serbia will chose partial or full privatisation of this sector in order to meet the obligations it is not ready to accept. Also, the entire process

is accompanied by absence of transparency and of participation of the public. The public is excluded from the decision-making process regarding the environment and it is almost impossible to gain access to the information. Even though the citizens are entitled to this, Serbia keeps violating these rights in spite of it being a signatory of the Aarhus Convention protecting the above mentioned rights. Such situation clearly raises concerns about how much damage Serbia will cause to its citizens while pursuing the goals specified in Chapter 27. Who will pay their right to water and how much?



## WHAT DO WE MEAN WHEN WE SAY ECONOMIC PRICE OF WATER?

Zlatko Stevanović

Water bills could soon become significantly larger. The World Bank (WB) provided the Republic of Serbia with new economic recommendations, this time with regard to improvement of water supply system. After that, the public has started talking about two new categories within water supply service collection system. The categories in question are subsidised and economic price of water. The WB stresses that water must be observed as commodity that has market value in order to secure further development of water supply system. According to its recommendation, it should cost 1.35 euros or 165 dinars per cubic metre (m<sup>3</sup>) of water. The current price of water varies across the local self-governments depending on the cost of resource processing, but its average price is 50 dinars (0.42 euros) per m<sup>3</sup>. This means that, according to the development plan, the price of water should increase more than three times in the following period.

The average consumption of drinking water per household is currently 360-520 litres per day or 10-16 m<sup>3</sup> per month. This means that, according to the suggestion of the WB, each household will in future have to pay as much as 2,640 dinars (22.33 euros) more on monthly basis for utility services. It would considerably increase the expenses, especially if we add up central heating bills, which are paid over the entire year. Thus, the annual water bill could potentially reach 31,680 dinars (268 euros), which is surely one entire salary of a great number of the citizens of Serbia.

As opposed to the economic price, as a special category appears the subsidised price, which is still in effect. It is an amount

that an average household of four is able to pay based on its earnings and consumption of this resource. Therefore, the second category is socially sensitive and it includes the amount that would make this resource available to everyone, or at least to majority of the citizens in Serbia.

The planned development of water supply system includes network mapping and improvement, preventing losses as well as treating wastewater and rain water. All the parameters mentioned above need to be realised in order to improve the system and ensure its functionality in the years to come. Only, if the price of water is to consequently increase up to three times, the question that arises is – who will predominantly finance this project? It is easy to answer it – it will be financed by already impoverished citizens.

The announced Water Management Strategy until 2034 stipulates investing 8.5 billion euros in development of water supply system. The Strategy also involves newly calculated price for supplying drinking water. Having in mind that the current price of water is considered to be subsidised, the collection system fails to cover the current network investment maintenance, which is why local self-governments earmark resources from municipal budgets for this purpose.

The Jaroslav Černi Water Management Institute considers such concept problematic, which boils down to the fact that the future concept of financing the water supply system development will mostly involve the citizens. Another source of funds should be increased water fees – the price paid by local water supply systems to Srbijavode

Public Water Management Company for the raw, i.e. unprocessed resource, which they subsequently process and distribute to the users. Currently, water supply systems pay 0.37 dinars (0.0031 euros) for m<sup>3</sup> of raw water of drinking quality. The above mentioned Water Management Institute considers this amount symbolic, stressing that the fees across Europe are significantly higher. After increasing the fees, the plan is for the Institute to establish the Water Fund, which would also play a certain role in financing the above mentioned development plan. Therefore, after the increase of household water price, water supply systems will certainly not reap profit since they will also pay a considerably higher price for the raw resource. The question that remains open is whether the citizens of Serbia, with one of the lowest pay rates in Europe, already burdened by various high taxes, are able to pay 3 times higher price of water and thus finance this development plan. Since they are obviously not, it is highly likely that, owing to increase of water fee, water supply systems will run at a deficit, which clears the way to further devastation of these public enterprises. In the beginning, the deficit will be covered by new loans, meaning by new state loans from foreign banks. This will take place until the moment such system is assessed as unsustainable. Subsequently, water supply systems will be allowed to be privatised by big business, which will continue exploiting this most valuable social resource in its own interest.

It should be pointed out that the development plan per se is not problematic. What is problematic is the manner in which the state plans to implement it, following the WB recommendations. Sustainable and environmentally responsible water supply system actually is in the interest of the citizens, but a state like Serbia, with destroyed economy and high unemployment rate, cannot expect its citizens to directly finance such development plan through increased bills. Such system requires radical changes, which should involve not only the field of water supply, but the entire economy as well. Foreign investments, which increasingly prove to be the only possible economic model this Government relies on, exploit the workers as well as resources (including water), which are got on the cheap under concession contracts. The profit is subsequently carried out of the country and the plants are being closed as soon as the subsidies provided by the state are spent. In such an unstable economic system, the impoverished citizens cannot be expected to finance an 8.5-billion-euro project in the following 16 years.

To start with, additional tax should be imposed on big business, which should be followed by participatory budgeting from renewed and socially responsible state economy. Only then can we expect proportional increase of household water price.

## WHAT DO WE HAVE LEFT OF WATER INFRASTRUCTURE?

Natalija Stojmenović i Teodora Marković

Introduction of water and sewer infrastructure was one of the most important issues of the state urbanisation at the end of the 19th and at the beginning of the 20th century. Sewer network development was a precondition for construction of multi-storey buildings as well as for modernisation of cities.

The most developed water supply system, which we still use today, dates back to the period of the Socialist Federative Republic of Yugoslavia (SFRY). The fact that the socialist system stimulated development of modern infrastructure and increase in standard of living can be best illustrated by the information that, up to 1984, 70% of apartments were connected to water supply system, which is 62% more than in the period of the Kingdom of Yugoslavia. The progress was also obvious in terms of flood control as well as erosion and torrent control. Today, life in capitalist reality involves strengthening of market-driven logic and ever-growing inflow of private interest even in the domain of natural resources like water and associated infrastructure.

This is best observed in the fields of water supply infrastructure, sewer network, wastewater treatment and flood control. When it comes to water supply, 80% of the population are connected to water supply network. Out-of-date, disregarded and neglected infrastructure is a cause of various problems like unsuitable water quality, scarcity during critical parts of day or year as well as network water losses that go as high as 32%. As for sewer network, 66% of the population in Serbia (without its socialist autonomous provinces) were connected to sewer system in the socialist period.

Today, around 75% of the urban population are connected to public sewer system, whereas this percentage drops to as little as 9% in rural areas. Overall, the total of 55% of settlements are connected to sewer system, whereas only 9.8% of municipalities have effective wastewater treatment. The necessity for construction of wastewater treatment plants is one of the issues in the EU pre-accession negotiations (Chapter 27) that calls for largest-scale investments.

Having in mind the lack of water treatment plants as well as worn out water supply pipes, quality drinking water is a lifelong dream for majority of people in Vojvodina. Water supply pipes are usually made of asbestos cement even though the use of asbestos has been forbidden in the EU ever since 2005. Around 63%, i.e. 2,137 km, of the Belgrade pipeline was constructed between 25 and 55 years ago. However, the greatest problem lies in the incapability of the state to unconditionally secure distribution of quality drinking water to everyone. Measurements of water arsenic show that 102 cities, towns and villages in Vojvodina, numbering 653,160 citizens in total, are endangered. Such examples illustrate infrastructure deficit we are facing today along with the absence of a social state that would deal with the above mentioned issues.

The floods that struck Serbia in 2014 are the best example of how disregarding the above stated issues leads to putting the safety and lives of all the people in jeopardy. Funds are increasingly denied to public water supply companies and the state tends to privatise even such enterprises that were founded to regulate the

riverbeds and to erect and maintain embankments. After their privatisation, such enterprises become profit-driven, disregard general social safety and protection or even change their line of business. In this manner, the state tries to place the responsibility for the system maintenance on private individuals, whereas private investors see this as an earning potential. It is clear that this equation leaves out the basic purpose of the flood control. Smederevska Palanka has paid dearly the logic according to which state deficits are covered through privatisation. *Vodoprivreda AD*, the enterprise providing service to this town, was sold in 2006 for 151 million dinars (1.273,733 euros) and the then owner acquired 73.65% of the enterprise shares through this purchase. In search for profit, the owner directed its investments to development of tourist potential and let the existing infrastructure dilapidate, which caused 900 million dinars (7.615,800 euros) of

damage after the 2014 flood. In 2006, the water management enterprise *Hidrograđevinar* from Sremska Mitrovica was put up for auction and sold for 25 million dinars (211.550,000 euros). The damage in Sremska Mitrovica, caused by the 2014 flood, was estimated at over 120 million dinars (1.015,440 euros), which means that it is five times higher than the profit accrued by selling this enterprise. On the other hand, for years, the only response the public water supply companies in the Pčinja District give to the flood issue has been declaring a state of emergency after it already happens. The fact that the institutions start dealing with the flood issue only after the permanent damage has already been done is illustrated by recent floods in the Belgrade suburb of Žarkovo.

Should drinking water be life-threatening or become the goods that not everyone can afford? Should the safety of the citizens be put up for auction on a tender?

Action "Water for All" on the occasion of World Water Day, March 22, 2019 - Belgrade, Sava river embankment.



## WHAT IS THE CONDITION OF OUR WATER SOURCES AND WHAT THREATENS THEM?

Ana Vuković

Owing to its complex geological structure and favourable hydrogeological conditions, Serbia belongs to a group of countries rich in mineral and thermo-mineral water. In order to preserve such status, it is necessary to stop the processes that put such diversity of physical and chemical characteristics of the very water sources in jeopardy.

According to the amendments to the Water Law, adopted in December 2016, water, as a “good of general interest” enjoying a special kind of protection from the state, is redefined using a term “natural resource”, which allows private individuals to get concession or the right of use over it. Such amendment to the Law has opened the door to inflow of private interest in the water sector, enabling business to exploit water resource without any limitations.

Private companies are often granted concession over water sources, which leads to excessive drinking water exploitation. In order to sell bottled drinks, excessively large amounts of groundwater are pumped out from water sources over the short periods of time. Information regarding water source exploitation is often protected and hard to get. Contracts and documents that would show in what manner and under what conditions companies operate are often not available to public. News or information regarding the fact that a certain corporation has depleted certain water sources most often reaches common people too late, when groundwater reservoir balance has already been disturbed or when water source has run completely dry. The cases of Uganda and Uruguay show that the Coca Cola Company pumped out

enormous amounts of water causing a large number of water sources to run dry, leaving no potential for their revitalisation. In 2005, the Coca Cola Company acquired *Vlasinka* water plant, bottling Rosa mineral water, which has raised justified concerns among experts that this region may experience water shortage.

Having in mind that Serbian legislation practically no longer contains adequate control mechanisms that would stop destruction of water sources, the consequences can be catastrophic for preservation and protection of this resource. For example, *Naftna Industrija Srbije (NIS)* owns as much as 75 water sources in Vojvodina. Even though we are talking about concession, which most often involves a limited utilization period, the exploitation period in this case is actually unlimited.

Apart from being conceded to private companies and individuals, water sources can also be endangered in many different ways. Owing to poor condition of the very water supply and sewer infrastructure, which is particularly manifested by the deficit of treatment facilities, wastewater is unduly conducted directly into rivers. Thus, for example, Belgrade has 116 points of municipal waste disposal into the Sava River. The situation with the Danube is even worse having in mind that disposal into water occurs at 136 different points. Also, it is not uncommon, in case of unrestored systems, for the sewer pipes to burst, which leads to waste spilling directly into water. In Novi Sad, there are three Ranney collector wells which supply the entire city with water and

are threatened by such occasional sewer pipe spills. Such dilapidated systems are a direct cause of the poor condition of the very water sources and, as a result, of reduced drinking water quality.

It is similar with the Sava River embankment in Belgrade. Over the last couple of years, an entire settlement of vacation homes was illegally built, posing a direct threat to the Ranney collector wells situated in the area. Such illegal construction gradually destroys the area surrounding water sources, the so-called water source sanitary zones, which must not be threatened in any way in order to protect pipeline of the wells and, what is more important, the natural processes directly affecting the water quality. Moreover, this embankment also exists in order to protect the city from river overflows. Therefore, the unplanned construction largely puts such function in jeopardy.

Another example of water source encroachment is Makiš Field (Makiško polje), the location of one of the more important Belgrade water sources. This location was planned for construction of a metro line as well as a residential and office building Tesla City lobbied by the BK Company. The Land Development Public Agency, with the support of the Jaroslav Černi Water Management Institute, published a project in 2004, accord-

ing to which the protection zone of this water source is planned to be moved. This project was adopted without public discussion and the criticism from the experts as well as from the panel of experts that assessed the very case was ignored. Thus, regardless of the fact that one of the most important of Belgrade's water sources is threatened, the project was adopted and the plans for its construction continue. Such construction puts water sources to jeopardy in various ways and calls into question the potential distribution of quality water available to everyone.

The systems of water supply and sewer as well as of water resource protection, constructed during the Yugoslav social period, are still the basic infrastructure used for supplying water to the population and for preservation of the existing water sources. Instead of providing a more extensive plan for maintenance of the existing infrastructure and construction of the new one with a view to protection of water sector, the state implements only the reforms that broaden the role of the market. It is crucial to recognise the importance of natural resources, such as water sources, as well as to stop the inflow of private capital to all spheres of public goods important for existence of all the people. Water is a public good and water source is where it all begins.



"Water for All" on the occasion of World Water Day, March 22, 2019 - Zrenjanin

## WHAT WATER DO WE DRINK?

Janko Stefanović

Growing up in a country rich in water sources, we often take its availability for granted, even though, as the current situation shows, availability of this public good is not unconditionally guaranteed to everyone. Water must be the right of all people since it is a resource that satisfies basic human needs.

High arsenic concentration is often present in groundwater, which is the reason why not so small percentage of Serbian population is supplied with unsafe drinking water. Arsenic is often present in fish without any threat to living organisms, but, when found in inorganic form, it can have numerous serious effects on human health. According to the regulations issued by the World Health Organization and adopted by the state of Serbia, permitted arsenic concentration is 10 micrograms per litre ( $\mu\text{g/L}$ ). As shown by numerous researches, long-term arsenic exposure can be the cause of cancer. Furthermore, the link between the excessive arsenic concentration and diabetes as well as cardiovascular diseases has been demonstrated. Certain experts believe that elevated mortality rate in Vojvodina is directly linked to unsanitary drinking water. In spite of this, no systematic researches dealing with arsenic effects on the population health have been conducted in Serbia as yet. Among numerous analyses demonstrating the dangers arsenic has on human organism, a comparative research conducted in 2012 in Slovakia, Romania and Hungary particularly stands out. It revealed the link between basal cell carcinoma (the most prevalent type of skin cancer) and the use of water with arsenic concentration only slightly elevated as compared to the prescribed one.

According to the research carried out by the BIRN, which was based on the

data obtained from public health services and local water supply systems, as many as 653,160 people in Vojvodina use carcinogenic drinking water. The most critical situation is in Zrenjanin, Subotica and Novi Bečej. Zrenjanin, with its 77,000 citizens, is located in one of the most affected zones. According to this research, water concentration of arsenic went as high as  $194 \mu\text{g/L}$ . In Subotica, a city with almost 106,000 citizens, up to  $99 \mu\text{g/L}$  of water arsenic was measured at several different locations. In Novi Bečej, 13,000 citizens use water with arsenic content as high as  $273 \mu\text{g/L}$ . Although this is 27 times higher than the permitted maximum, the authorities have neither forbidden the use of drinking water nor secured alternative water supply sources. Drinking water poses risk to the lives of the citizens living in these cities. Bottled water puts a household of four to expense of at least 50 euros, whereas, according to the data provided by the Statistical Office of the Republic of Serbia, the average net monthly salary in Novi Bečej is around 293 euros. Therefore, apart from the fact that the water coming from the public water supply system is poisonous, alternative access to water, namely its purchase, is a luxury for many.

However, Vojvodina is not the only critical area when it comes to drinking water quality in Serbia. As demonstrated by the research carried out by the Batut Institute, out of 155 tested urban water supply systems in Serbia, a bit more than a half (57.4% or 89 water supply systems) meet microbial or physical and chemical safety.

Whereas a lot of people drink what appears to be safe water, certain municipalities get into debt to improve water supply and treatment. Thus, the municipalities of

Kikinda, Vrbas, Paraćin and Knjaževac borrowed the total of 17 million euros from the German KfW Development Bank. Ten years after Zrenjanin water had been proclaimed unsanitary, a private water treatment plant was constructed. However, the plant itself has not begun its operation having in mind that the existing legislation in Serbia does not permit private individuals to perform such type of activities. The question that arises is how construction license for such plant was obtained in the first place and in spite of the above mentioned statutory provision. As a possible solution, the authorities offered to purchase this plant from the private investors, without actually paying for it as yet. The citizens remain discontented and keep protesting against such procrastination, whereas, in the meantime, the investors have announced that they will lodge a complaint against the state or the city over the plant purchase delay. To such warnings, the Mayor of Zrenjanin replied that the problem would soon be overcome either with the aid of public funds or

through a loan as high as 8 million euros. In any case, the price of water will significantly increase even after the water treatment plant commences operation. Apart from the fact that the citizens of Zrenjanin were obviously not allowed to have their say about this case, they are also denied the right to get the relevant information about it as the negotiations are non-transparent. Will the entire amount or a part of the money in Zrenjanin be directed to other purposes, just like in the case of Rača near the city of Kragujevac, where public funds amounting to 600,000 euros followed by another 230,000 euros were paid up for construction of a water treatment plant which remains non-existent?

Whose interests are served by such situation? Why is construction of public water treatment infrastructure shifted to private individuals whose sole interest is making profit? And when will common people have their say in decisions adopted on their behalf?

## WHOSE ARE OUR SPAS?

Lav Mrenović

The news about the citizens who start using the closed spas of their own accord to satisfy their health needs has been circulating lately. Recently, the locals have organised and “reopened” Bogutovačka Banja, currently visited by several dozen guests on a daily basis, whereas a citizen started visiting Kuršumlijska Banja, carrying his own bathtub which he fills up with healing waters.

When we talk about spas, we refer to locations with mineral water springs or with gas, mud or air showing healing properties and the accompanying infrastructure that enables their use, i.e. to healthcare centres and their accommodation facilities. Spas are highly significant primarily for the health of the population as well as for relaxation. Therefore, the society must make sure that they are available to everyone.

Almost all existing spas were built during the period of socialist Yugoslavia. However, some of them went bankrupt or were privatised in the 1990s and 2000s. According to the data provided by the Serbian Spas Association, there are 39 spas currently in operation, with 32 of them still in public ownership.

The current Government has put a high priority on the privatisation of the spas. However, the privatisation started as far back as 1990s through shareholder model. Up to now, Badanja, Prolom Banja, Lukovska Banja, Atomska Banja (Gornja Trepča) and Brestovačka Banja have been privatised. The reason why such privatisation did not occur at a larger scale is the ownership form – they formally belong to the Pension and Disability Insurance Fund of the Republic of Serbia (RF PIO). Over the last years, the state, eyeing the spa privatisation, has sued the RF PIO in attempt to transfer the

ownership to itself and, up to now, has lost 17 out of 29 cases. On the other hand, RF PIO opposes the privatisation and cooperates with several major and minor unions, the Association of Pensioners’ Trade Unions of Serbia being loudest in opposing the privatisation. Their intention is to keep the spas as a public good, i.e. to keep them available for those in need of them.

The spa privatisation will probably have similar outcome as the holiday resort privatisation that took place across the former Yugoslavia – what had been available to everyone became almost completely unavailable, except for the richest people and foreign tourists. Furthermore, the employees will definitely lose even the nominal possibility to make decisions and take part in occurrences affecting their workplace since privatisation will turn the new owner into a decision-making authority that will most usually act to the detriment of the employees. In current circumstances, irresponsible treatment of nature and poor working conditions as well as other infringements of the law, which are committed by private investors and tolerated by the state, pose a special problem. Currently, pensioners are allowed access to the spas through the subsidy system, with the state paying a portion of the market price to owners for the services. The problem that arises with such model lies in the fact that public funds are directed to private owners’ hands instead of being invested into revitalisation of the spas.

The state must retain its ownership over spa resorts and revitalise them through national investments. This requires implementation of the participatory management model which involves the employees, local authorities, users and experts. A potential

solution may lie in establishing a dual accommodation and utilization billing system – one intended for vulnerable people and the part of the population that cannot afford vacations or treatments, and the other that would apply to tourists and regular visitors. Health of the population must be one of the priorities of every society.



Action "Water for All" on the occasion of World Water Day, March 22, 2019 - Šabac

## HOW BIG ARE THE PROBLEMS CREATED BY SMALL HYDROPOWER PLANTS?

Aleksa Petković

“I feel lousy. I’ve come to the point to simply give up and keep my mouth shut,” says a Županj villager. The cause of his misery is a small hydropower plant (SHP) constructed in his village by the Jošanica River. What is an SHP?

Small, mini and micro hydropower plants are power plants with an installed power of up to 10 megawatts (MW), that use the power of streams to produce electricity. According to the Energy Law, hydropower plants (HP) with an installed power of up to 30 MW may acquire the status of a privileged electricity producer using renewable energy sources (RES). Acquiring the status means that thus produced kilowatt-hours (kWh) are purchased at a preferential (significantly higher) price, paid by the consumers. The official explanation provided for subsidizing the producers that use RES is meeting the criteria set by the European Union. One of such criteria is that, by 2030, the share of consumed electricity obtained through renewable sources should amount to 27%. Currently, Serbia is at 23-24%. Every form of renewable source electricity production affects the environment. Therefore, it is crucial to understand the manner in which hydro potential exploitation affects water supply as well as the entire environment.

There are several ways to categorise SHPs and the most common one involves impoundment (with dam) and run-of-the-river (without dam) plants. Conventional hydropower plants (e.g. Đerdap in Serbia) involve the impoundment facilities, whereas the run-of-the-river facilities directly use kinetic energy of water to move the

blades of their turbines. Impoundment HPs can be either with dam toe powerhouse or run-of-the-river scheme. In HPs with dam toe powerhouse, powerhouses are located inside the very dam, whereas in run-of-the-river schemes, water is conducted through special pipes to powerhouses located at some distance from impoundments. Run-of-the-river SHPs are best suited for mountainous regions, which makes it the main SHP type in Serbia. Construction of SHPs is cheaper comparing to other forms of RES power production. However, SHP construction is organised in a way that allows private owners to invest in construction, whereas the state guarantees paying the preferential price for 12 years (feed-in tariff). This means that RES investments are in the hands of private owners and that state investments in this field are restricted. Majority of private investors take out loans from commercial banks, which are glad to grant them for such projects because the profit is guaranteed. Having in mind that such projects are very profitable, the risk of potential corruption is rather high and the price of it all is paid by the citizens. It is also important to mention that RES electricity makes up about 1% of the total household consumption. This one percent involves hydropower share of 42%. Even if all planned SHPs were constructed, they would make up less than 2% of the total household consumption.

Besides putting the citizens to financial expense, SHPs also involve a risk of producing negative effects on drinking water supply. Namely, SHPs can have negative effects on reservoirs providing drinking

water. This poses a particular problem for major reservoirs since reservoir lakes can lack dissolved oxygen in deeper layers. The lack of dissolved oxygen implies possible pollution, which involves the water that is discharged and used. This calls for further investments into aeration systems (the systems introducing oxygen into water) which are often powerless when it comes to securing adequate levels of dissolved oxygen in water. Owing to hydrogeology of the terrain planned for SHP construction, which predominantly involves the karst and fracture forms in Serbia, river channelling can lead to drying up of underground streams that feed drinking water springs. This will put in particular jeopardy the springs in the Stara Planina range, which have enormous future water supply potential.

SHP construction also involves negative effects at the very construction location. Moreover, the Law also stipulates biological minimum for SHPs, which stands for amount of water that must remain in a riverbed so as not to threaten the life in it. However, this is often not observed owing to poor control of the construction processes and of the erected plants, which mostly endangers fish, often left without their fish passes, and poses threat to other endangered species as well. Researches have shown that the SHP projects planned for the territory of the Balkans will cause disappearance of every tenth species of fish in Europe. For this reason, the campaign Save the Blue Heart of Europe has collected over 120 thousand signatures, demanding from the international banks to stop funding such projects in order to preserve the last wild rivers of Europe. The greatest problem poses the fact that majority of SHP projects in Serbia are planned to be constructed in protected natural areas, which involves direct threat to protected and endangered species.

Finally, SHP projects are realised without participation of the wider public and local communities. Therefore, there are several initiatives for river protection among the local communities in Serbia (Priboj, Rzav, the Stara Planina range). The mere existence of such initiatives proves that the right of the citizens to take part in decision-making process regarding the environment has not been respected.

Today, electricity is a necessity, but we, as a society, must find balance between meeting such necessity and preservation of nature. Instead of being directed to the SHP owners, the money of the citizens should be directed to state-funded projects that involve construction of the RES generation capacities, such as the solar and wind energy. By increasing the energy efficiency and reducing the network losses (12.93% in 2017), it is possible to compensate for the required energy that would otherwise be generated through SHP construction.

## WHAT ARE OUR RECOMMENDATIONS?

- ✓ It is necessary to start from the legislative framework and legally regulate water as a public good, i.e. as a resource belonging to everyone, the access to which must be unconditional and inclusive regardless of their financial situation.
- ✓ To legally regulate stricter environmental standards that would guarantee sustainable and long-term exploitation of a natural resource, and to secure adequate control of their observance.
- ✓ To abolish the possibility of obtaining concession over water resources and infrastructure used to treat and distribute water, of conclusion of public-private partnerships and of privatisation, either full or partial.
- ✓ To return to public ownership all water sources given under concession.
- ✓ Instead of being profit-driven, water management and distribution should primarily aim at meeting the basic needs of the population that involve availability of this resource. Therefore, water must not be treated as a commodity and its price must not be market-based. Water supply companies must be registered as non-profit units and, therefore, exempt from VAT.
- ✓ The operation of water supply companies needs to be based on the principles of quality and availability of products and services, and the people employed in this sector should be provided with better working conditions, which should be accompanied by elimination of agency work and temporary and periodical work contracts. Provision of quality services requires permanently employed personnel able to support long-term planning and become more intensely involved in development of the sector itself.
- ✓ To secure money for smooth operation of water supply systems predominantly from the public budget, through progressive tax policies, more consistent charge of environmental fees and increase of corporate profit tax.
- ✓ To intensify infrastructure investments through the system of public works, redistributing the funds to poorer regions in a more urgent need of an adequate infrastructure that would satisfy the prioritised needs. To develop, where possible, water supply networks that would separate drinking from technical water, which would secure considerable savings over the medium term.
- ✓ To construct public infrastructure for waste and sewer system treatment and to systematically implement the policy that would involve reducing pollution at its very source by application of the new technologies in the industry and agriculture sectors.
- ✓ To put into practice and stimulate the public-public partnerships that would allow more developed public enterprises to offer, on a non-profit basis, their knowledge and capacities as a help to the water supply companies in less developed regions. Also, to connect, at the international level, with other companies that develop such practice in order to additionally strengthen and improve the existing local capacities.
- ✓ To implement the concept of participatory management through reform of the very enterprises that would involve democratisation of managing bodies by inclusion of the people delegated by the local authorities as well as the

representatives of the users, unions, citizens associations specialized in the relevant sector and scientists specialized in the technical issues of the relevant service provision. Such body could build long-term work and company development plans based on the principles of availability and sustainability, that would include different perspectives of all the interested parties.

- ✓ Financial reporting must be public, constant and available to everyone, and controlled by an independent supervisory body that would control and adopt annual business reports. Such supervisory body would have to include a representative of the users and of the citizens associations specialized in the relevant sector respectively.

- ✓ To stimulate future development of decentralised decision-making on user needs through local communities network. In this manner, water supply companies would be shaped directly according to the immediate interests of the community. On the other hand, direct contact with the providers would keep the community informed on the current possibilities and potential directions of water supply infrastructure development.
- ✓ To carry out educational programmes aimed at informing wider population about the environment and protection of public goods so that it would remain available to future generations as well.



Protest Against Construction of Derivative Mini Hydro Power Plants, January 27, 2019 - Belgrade

