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## **GLOBALIZATION AND WATER MANAGEMENT: THE CHANGING VALUE OF WATER**

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### **RECORD PRIVATISATIONS IN EASTERN EUROPE; LESSONS FOR THE WEST?**

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**ABSTRACT:** Within less than 9 months of the involvement of 3 key people, supported by a London Law Firm, a privatisation was designed, structured, tested, politically agreed upon, published and concluded. The Client, the City Government of Tallinn (Estonia) received twice as much in revenues than initially expected. This particular privatisation, a sale of the shares in the local water and wastewater utility, combined with a licensing regime and a service delivery agreement is unique. Unique in many respects; money and time wise as well as in the introduction of a progressive, living, “adapting” and “incorporating” regulatory regime. A Regulator that ensures compliance with contractual obligations as well as with the adoption and incorporation of European Union (“EU”) Laws, standards, regulations, etc. A Regulator that has dispute prevention functions as well as the traditional regulatory tasks. Bold assumptions were made throughout this process; political considerations were adjusted to commercially and contractually “doable” mechanisms. These new mechanisms, tools to ensure contract compliance as well as an efficient and well working public private partnership, may well be the key to Western European utilities, struggling with EU requirements (e.g. the Water Framework Directive) and standards.

The situation in Germany and Austria will be examined, two “net payers” into the EU budget, two of the richest countries. Austria and Germany both have a range of specific problems, but surprisingly enough, the same financial and institutional difficulties to upgrade and re-model their infrastructure. These Eastern European new “nuts and bolts” may well be the key to overcome these potential and actual hurdles and obstacles in the western world and elsewhere. In fact, the Government of South Africa introduces a regime along these lines and Falko Sellner has advised DWAF on exactly that.

**KEY TERMS:** Water privatization, private-public partnerships, regulation, water law, water utilities.

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