

Profile: EVN Bulgaria

Building trust to improve the supply of electricity in a Roma Community in Bulgaria

Challenge

In 2005, when EVN (www.evn.at) assumed responsibility for providing electricity to the city of Plovdiv, Bulgaria, it inherited neglected electricity infrastructure in Stolipinovo, a run-down quarter populated by 60,000 people, mainly Roma families and poor Bulgarians. The business practices adopted by the previous distribution company had created an environment of distrust among the Roma, which resulted in unrest and vandalism, payment rates of just 3 percent, and network-related losses of 40 percent.



Demand for reliable electricity in the area was actually strong, and only a small share of residents lacked the money to pay their electricity bills. The low payment rate reflected unwillingness to pay, which emanated from discriminatory practices by the previous utility. The key challenge for EVN was to create a trust-based relationship.

Innovation

EVN counteracted the traditional stereotypes regarding the Roma community. It adopted a new model based on the assumption that the most important precondition for the community to pay the bills was equal and nondiscriminatory treatment as customers. A combination of ongoing dialogue, technical innovations, and targeted investments helped the company find a solution that was acceptable to all stakeholders.

Key community leaders were engaged to help EVN understand the expectations and concerns of the community and design a program that addressed them. Recruiting local Roma residents as employees opened new channels of communication. NGOs built awareness about reduction in electricity consumption and decreased monthly costs through pamphlets, talks, and information sessions. For existing customers, the company introduced debt rescheduling plans based on mutual agreements. EVN also gained new customers, connecting households that had previously relied on stolen power.

EVN also worked with the district's legal authorities, because many of Stolipinovo's inhabitants were not legally registered and had no leases for their homes, making it impossible to connect them to the national grid. The local authorities legalized the status of Stolipinovo's inhabitants, enabling the connections.

EVN installed new individual metering systems (as opposed to the collective metering system used previously), which allow paying customers to receive uninterrupted power supply even if others default. By installing the electricity meters at eye level, EVN enabled residents to monitor their consumption—and it established that they were being treated in the same manner as other customers. The previous meters had been installed on five- to six-meter high poles to avoid manipulation, not at eye level as in the rest of Bulgaria. EVN made additional investment in repairing and upgrading the grid and transmission substations to keep technical losses in check.

Impact

The Stolipinovo project increased the reliability of the energy supply, reduced energy consumption, lowered energy expenses, and improved payment behavior. Between 2007 and 2009, EVN installed almost 187 kilometres of upgraded electricity network and 17 refitted transformer stations and connected about 6,400 new and retrofitted households to the grid through meters that can be read remotely by means of a wireless connection. Increased trust raised the collection rate from just 3 percent to more than 95 percent, and network-related losses fell from 40 percent to just 5 percent. Energy in the community is no longer stolen.

A total of 26,000 local residents benefited from the project. They receive uninterrupted supply as long as they make regular payments on their electricity bills. EVN also signed 3,800 agreements for rescheduling old debt over a period of five years and facilitated small loans for the poorest residents, who could not meet the start-up cost of a new connection (about USD 250).

The project was also a financial success. Total investment (in construction, modernization, and rehabilitation of the distribution grid and equipment) of about USD 3.3 million took only two years to recoup.

Scaling Up

The mix of a sociological and technological approach to overcome the trust deficit induced customers to pay and expanded the number of legal connections. The involvement of multiple stakeholders and substantial investment by EVN were key.

The policy and regulatory framework in Bulgaria did not provide the necessary backdrop for electrification and uplifting of the Roma communities. To provide connections to illegal buildings, EVN had to rely on a legal loophole.