

Private Water Operators at the Mexico 4th World Water Forum

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1 - A successful 4th World Water Forum

Every three years the international water community, comes together to address the water challenges that our world is facing. The 4th World Water Forum (WWF4) followed in the footsteps of the World Water Forums of Marrakech (1997), The Hague (2000) and Kyoto (2003). In 2006 it was organised by the Mexican Government and the [World Water Council](#) in Mexico City.

The World Water Forums are crucial encounters that shape international policy and that provide high-level decision-makers (UN System, Donors and Development Banks, Multilateral Organisations), national and local politicians, field practitioners, representatives of the water industry, academics and researchers, civil society organisations (including International Development NGOs, grassroots organisations, unions' representatives, gender and environmental activists) and individuals with a platform for dialogue, collaboration and the "drive" to commit to joint action. The theme for WWF4 illustrates this in the best way: "Local Actions for Global Challenges". The unique and open setting allowed for free interchanging of ideas and best practices, in an environment of respect and trust. In Mexico City, the dialogue proved to be constructive and decisive.

In comparison with the previous World Water Forum (Kyoto 2003), several ideas have evolved in the international community. **The most important moves are those relating to the right to access to water services, to the role and needs of local authorities and to the ways to ensure sustainable cost-recovery. The public against private polemics have also diminished, more and more stakeholders focusing on the results to be obtained in developing access to water and sanitation services for all people.**

Participants caught up on the latest scientific and practical developments and, through their individual and collective commitment are key contributors to raising the world's attention for the **multiple water challenges**.

As Loïc Fauchon, President of the World Water Council and co-organiser of the WWF4, pointed out in his opening address on March 16th 2006: "*Unacceptable is the lack of water or its poor quality, which, last year, caused 10 times more deaths than all the wars waged on the planet together.*"

A key concept in the overall framework to address the world's water challenges are the United Nations' Millennium Development Goals, defined in 2000: WWF4 was the occasion to assess progress, stagnation and/or regress that countries and regions need to deal with. The UN's [Joint Monitoring Programme](#) was able to draw our attention to the fact that although on the average the world has progressed on the road to achieving Goal 7, Target 10, relating to access to drinking water, the situation in various countries and some regions is catastrophic. Furthermore, the world is far behind its goal regarding access to basic sanitation.

WWF4 was held in one of the world's most challenging locations for water management. Mexico City is one of the 21st century's fastest growing mega-cities and a city facing urgent challenges in drinking water management. In the current era of urbanisation and development of mega-slums, Mexico City was an appropriate spot to address one of the most urgent water challenges the world has to face: development of urban and rural water and sanitation services.

The overall quality of presentations and interventions by keynote speakers and participants was impressive – from the discussions at the Citizen's House to the high-level Round-table dialogues with Ministers, or the Local Authorities' Forum – WWF4 showed that each and every one who wanted to be heard, was welcome and listened to.

Altogether, this fourth World Water Forum has been a key milestone for the global water community with:

- Many opportunities to hear from each other, would it be in the official Forum in which everybody could take part, in side-events or in complimentary forums organised by some categories of stakeholders such as the country governments, the local governments, the parliamentarians or NGOs.
- The participation and political stance of local governments, key actors in water management that had not express themselves in the global water debate up to this event.
- Significant moves in the general thinking of the global water community about key challenges.

2 - A world Première for AquaFed and its Members

For AquaFed, the 4th World Water Forum was the first opportunity, since its creation in 2005, to interact on the international stage, on behalf of private water operators, directly and in public debate, with the community of water stakeholders.

AquaFed was created to answer a repeatedly expressed need to have an institutional representative of private water operators. In Mexico City, first contacts went extremely well. Although AquaFed did not co-organise any sessions, our Members were invited on numerous occasions to participate in constructive and open debates. The voice of the private water operators was heard in the same respectful manner as the multiple other voices. This shows that there is no longer a bias towards or against the industry, and the ideological confrontations are not unavoidable. As global practitioners the world over agree: there is no "best system", merely a myriad of good systems that can learn from each other.

For stakeholders and organisers, it was a Première to be able to have an operators' representative around the table. At numerous occasions, ranging from the Ministerial Roundtables to Side-events, a diverse mix of partners and fellow water organisations expressed their satisfaction in being able to interact with a legitimate representative of very diverse water and wastewater services operators from around the world. AquaFed represents a wide range of members, from the very local entrepreneurs, national players from developing and transition countries, to international companies that face diverse challenges in both South and North.

AquaFed has been acknowledged by the Mexican government as representative of private water operators and was requested to nominate water executives to participate in the Ministerial Roundtables.

AquaFed's focus was specifically on the following topics:

- Implementation of the Right to Access to Water
- Role and needs of Local Authorities and Elected Officials
- Governance practices and water policies
- Access to water and sanitation services
- Financing water delivery, wastewater operations and infrastructure
- Contribution of the private sector to reaching the Water and Sanitation Millennium Development Goals

Together with AquaFed, numerous private operators of water and wastewater services, of all sizes, from the South and the North, were very active during the forum sessions, as well as in side-events and technical exhibitions.

The Federation team as well as a number of our Members' representatives spoke on behalf of AquaFed in numerous sessions and roundtables, and were also reported in the press. The Federation and its Members have clearly demonstrated that they have sought to dialogue, especially on the "right to access to water" and the role and needs of local governments. In Mexico, our Members have also demonstrated that they are willing and able to bring their practical solutions to the discussion table. Private sector know-how and expertise, as well as its long-standing experience in countries all over the world are more than ever key to finding solutions adapted to the local needs.

It becomes clearer now in the minds of many institutional players that there are very numerous private water operators all over the world. Until recently they were ignored by the global community. AquaFed's goal is to make them known and give them a better voice.

3 - Heightened interest by mainstream media

Whereas the 3rd World Water Forum was overshadowed by the outbreak of the 2nd Gulf War, WWF4 demonstrated that, over the last 3 years, environmental issues and water-related challenges have been increasingly reported by international media.

At WWF4, participants could feel a real interest by journalists from all over the world to report on the state of the debate on water challenges.

As the world comes to better understand the global environmental crises related to climate change, natural disasters and population growth, it is very satisfactory to see water issues being addressed in the mainstream press. Water challenges have become everybody's business! Now we should try to keep water on the top of the political agenda. The World Water Forums, more than any other encounter, are certainly a big step forward in raising the issues with the largest possible audience – the reasons: the diversity of the participants, the quality of the exchanges and discussions, the commitment of the stakeholders.

4 - Outcome of the Forum

The official synthesis and report of the WWF4 proceedings have been released during [World Water Week](#) in Stockholm, on August 21, 2006.

They will be available on www.worldwaterforum4.org.mx and www.worldwatercouncil.org

Excerpt from the WWF4 Preliminary Report:

"The 4th World Water Forum stood out as a plural Forum, one that fostered the participation and dialogue of multiple stakeholders with the objective of exerting an influence on the design of public policy at the global level that will lead to improved quality of life for all of humankind and more responsible social behaviour concerning the use of water, in keeping with the goal of attaining sustainable development."

Many things happened in Mexico City during the week of the WWF4. The most important outcomes are:

- Reference reports and declarations
- The irruption of new stakeholders in the global debate
- Significant moves of the water community on key issues

4.1. Reference reports and declarations

- the World Water Council's report on the Right to Water
- the World Water Council's report on international aid
- the "Gurria Task Force" 's report on financial needs of local water authorities and operators
- the "Compendium of Actions" issued by the UN Secretary General's Advisory Board on Water and Sanitation
- the [Ministerial Declaration](#) which, inter alia, acknowledges the role of local authorities
- the [Local Governments' Declaration](#)

[See detailed bibliography.](#)

4.2. Two new stakeholders in the global water community: Local Governments and Parliamentarians

For the first time in a major international water conference, the spotlights came on the **role of local governments**, those responsible in many places for the organisation of drinking water and sanitation services. Not only were they much more present than in previous forums, but for the first time, their official international representative body, United Cities and Local Governments ([UCLG](#)), was recognized among the leading stakeholders as a key player.

At the WWF4, the Local Authorities held their own official Forum with a remarkable input to the Ministerial Conference that can be seen in their [Local Authorities Declaration](#).

AquaFed President, Gérard Payen, publicly endorsed the recognition of the role of Mayors and local decision makers in his [opening remarks](#) on March 16, 2006: *"up to now all stakeholders were not on board in the global debate. We were missing the local governments. I hope that, from this Mexico event, they will become active members of the international water community."*

The Declaration of Local Governments highlights two main concerns:

- Local Authorities request the freedom to choose (and to be able to organise as they see fit) the modalities for water and sanitation services provision:

"It is our democratic obligation to ensure that water management and decentralization go hand-in-hand. Effective water management requires authority, legitimacy and integrity. Public authorities should always have the power to set rates and determine investments, as it is only these strong and accountable local authorities that can work with companies from both the public and private sectors in an efficient and competent manner," (UCLG [Press Release](#)– March 2006)

- Local Authorities request urgently the "means" to do this, both in terms of financing and policies.

"The declaration calls on the United Nations and national governments to increase financing for local water and sanitation infrastructure to address the needs of poor populations and allow local and regional authorities to allocate part of the revenues raised from users, in synergy with international development aid, to undertake co-operation projects with partners in developing countries."

Parliamentarians from numerous countries, united in the "First Encounter of Water Legislators", came together for the first time in a parallel conference during WWF4 to discuss water: their [Declaration](#) highlights their recognition of access to water as being an essential right for all human beings, and their commitment to "propelling a legal framework... that promotes and recognizes the participation of citizens..."

4.3. Significant moves in the general thinking of the global water community

In Mexico WWF4, the prominent thinking of the water community has evolved on major topics in the area of drinking water distribution and wastewater management.

4.3.1 Recognition of the Right to Water

At the Mexico WWF4 it became clear that a broad international consensus now exists that access to drinking water must be considered as a human right, and about the meaning of this right.

AquaFed contributed to the international consensus and released a press statement endorsing the Right to Water. Participants at the WWF4 welcomed the private sector's support for the Right to Water as crucial to its implementation.

AquaFed pointed out that agreeing on the content of the Right to Water is not enough to make it effective. Two other steps are necessary:

- Identifying the public authority in charge of the implementation of the right to water, its related duties and its means of action.
- Making the right real to every individual through delivery in the field and measurement of the results.

Since it is now clear that the Right to Water is recognised in binding international agreements such as the International Covenant on Economic, Cultural and Social Rights, the focus of efforts must now be on implementation on the ground in each country. This is where efficient operators are needed to produce the expected results.

4.3.2 Recognition of the role and needs of local water authorities and operators

The role of local authorities - that are in many places those authorities responsible for delivering water and sanitation services - has been recognised by the country governments.

"WE ... recognize the important role that parliamentarians and local authorities are playing in various countries to increase sustainable access to water and sanitation services as well as to support integrated water resource management." (§9 of the Ministerial declaration)

Their financial needs, that include the need to benefit from adequate national frameworks, were highlighted by the [UN Secretary General's Advisory Board](#).

The "[Gurria Task Force](#)" presented its conclusions related to "Enhancing access to finance for local governments" and, switching from the financial offer to the financial demand made clear that local water utilities need access to long-term loans with affordable interest rates and with a protection against currency risk.

4.3.3 Sustainable cost-recovery and funding

In Mexico WWF4, the debate about how to finance the development of access to water and sanitation services has been clarified in two ways:

- when a doubling of all financial flows is necessary, it has been said in several roundtables and in particular by A. Gurria that short and medium-term financing flows would only increase if secured by long-term financial flows, i.e. by rates paid by the end-users (as a group with appropriate cross-subsidisation to ensure affordability) (including savings enabled by more efficient management) or subsidies from tax-payers. ODA should help to secure such additional funding.

- The cost-recovery debate has evolved from the “full cost recovery” mantra to a larger consensus about the priority to organise cost recovery of water services in a sustainable manner even if cost is shared between users and taxpayers. Both the UN Secretary General’s Advisory Board and the Gurria Task Force have pushed for such “sustainable cost recovery” (SCR) policies.

4.3.4 Capacity building for water utilities

The WOPs (Water Operators Partnerships) are a new concept in the global water debate. They were introduced through the [Compendium of Actions](#) that was released to the governments in March 2006 by the UN Secretary General’s Advisory Board on Water & Sanitation.

WOPs are “Cooperations between water operators” that aim at “providing support for capacity building of public water operators” “to strengthen local water services”.

As clearly stated in the ‘Compendium of Actions’, the support to the local public operator can be provided by a public operator, a private operator, an NGO or anybody who can contribute to the performance of the public operator.

4.3.5 The option of Private Sector Participation

WWF4 has shown that the world has moved beyond the sterile ideological controversy of public versus private and that even the issue of “private sector participation” (PSP) is now seen in a more mature way.

More and more people understand that the key issue is not “public or private” but the fact that the number of people lacking water does not decrease below 1 billion. More pragmatism could be noticed in this Forum. No matter what type of operators are involved, the focus should be on improving the delivery of water and sanitation services and on creating the enabling environment for good services to be delivered to the people.

AquaFed is pleased to note that “private sector participation” (PSP) is considered as an option by decision-makers.

Among the possible practical solutions, a wide range of examples of the involvement of the private sector were shown. Common elements are: bottom-up approach, careful tailoring to the people’s needs, good governance conditions, innovative financing mechanisms, and a diversity of actors involved in the implementation of practical solutions (multi-stakeholder approach).

5. Key reports and articles in relation with the Mexico 4th World Water Forum

- the [Ministerial](#) declaration
- the [Local Governments'](#) declaration
- 2006 "Compendium of Actions" - UNSG's Advisory Board on Water and Sanitation ([website](#), [Biblioteca](#)): [download](#)
- 2006 "Enhancing access to finance for local governments" - Gurria Task Force on Financing Water for All: [download](#)
- 2006 "The Right to Water, from concept to implementation" – World Water Council: [download](#)
- 2006 "The Right to Water: what was said in the WWF4" – World Water Council: [download](#)
- 2006 "Costing MDG Target 10 on water supply & sanitation" – World Water Council: [download](#)
- 2006 "Official Development Assistance for Water from 1990 to 2004, Figures and Trends" – World Water Council: [download](#)
- 2006 "The 2nd UN World Water Development Report: 'Water a shared responsibility': [download](#)

Articles and references to Private Water Operators

- Global Water Intelligence, April 2006: "Three steps forward. AquaFed president Gérard Payen has a surprisingly upbeat view about what was achieved by the Fourth World Water Forum in Mexico City".
- La Jornada, March 21, 2006: "Se perfila declaración final que no proclama derecho humano al recurso": Gérard Payen, presidente de AquaFed, afirmó que "los operadores privados de sistemas de agua están acostumbrados a hacer efectivo el derecho al acceso al agua para las personas. En los países en desarrollo han ayudado a las autoridades a conectar a más de 10 millones de ciudadanos a los sistemas de distribución de agua en la última década", y consideró que, "después de todas las discusiones realizadas en el cuarto Foro Mundial del Agua, la comunidad internacional debe cerrar ya el debate para dar lugar a la acción".
- Payen, Gérard - OECD Observer, March 2006: "The private water sector is larger than many people think, with thousands of businesses working every day, for the most part, to implement government policies. Are those businesses doing enough and how might they do more?": [download](#)
- Galiana, S., Gertler, P. and Schargrodsy, E. (2005), "Water for life: The Impact of the privatisation of water services on child mortality", in Journal of Political Economy, vol.113, February.
- Kariuki, M. and Schwartz, J. (2005), *Small-scale water service providers of water supply and electricity*, World Bank policy research working paper No. 3727, October.
- Segerfeldt, F. (2005), *Water for Sale. How Business and the Market Can Resolve the World's Water Crisis*, Cato Institute, Washington DC.
- Okonski, Kendra - Washington Times, April 9, 2006: "Let the poor have water" in: [download](#)