

Optimising Public and Private roles in managing water / sanitation services

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Public & Private operators

- Diversity of operators & arrangements

Similarities & shared obstacles

Contribution of private operators

More ambition, more projects

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All sizes

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THE INTERNATIONAL FEDERATION OF
PRIVATE WATER OPERATORS

All countries

All business models

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Diversity of operational models

Municipal Public:	Corporatized Public:	Public-Private Partnership contracts:	Private ownership (Privatisation):
Part of City government traditional charter	Separate agency with commercial charter	Private provider to public authority	Private corporation with publicly traded share
Assets publicly owned	Assets publicly owned	Assets publicly owned	Assets privately owned
Economic /services regulation through political process	Independent services/ economic regulator	Regulation through contract	Independent services/ economic regulator

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Diversity of arrangements

Responsible Public Authority

Public policy incl. tariffs

Operator public or private

"Industrial" activity

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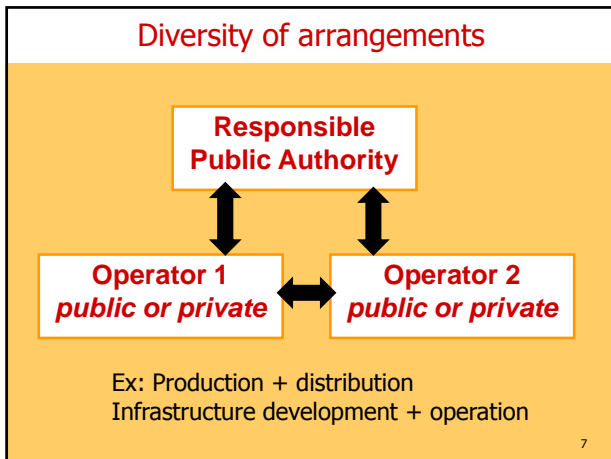
Diversity of arrangements

Responsible Public Authority

Operator 1 public

Operator 2 private

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Diversity of arrangements

Responsible authorities to select the management option that suits their needs best on a case-by-case basis

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- ### Preconditions for success are mostly the same for public & private operators
- Sustainable economic basis
 - Continuous political support
 - Clear targets
 - Both "partners" willing to succeed
 - Affordable tariffs
 - Predictability of public subsidies
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- ### Similar obstacles & challenges
- currency risk
 - political difficulty to raise tariffs when needed
 - policy changes
 - unknown expectations
 - communication with users
 - etc
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- ### Similar missions
- **Responsible public authorities** decide targets, means and tariffs
 - **Operators, public or private,** are tools that are used by public authorities to implement their water policies
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Don't create artificial divides between public & private sectors

- Preconditions for success are mostly the same
- Profit does not distinguish private from public. Many well-managed utilities make profits and even pay dividends (*Netherlands, Thailand, Colombia, Brazil, Italy, Cambodia, etc*)
- Public utilities compete for PPP contracts
- Global statistics show no difference of prices in comparable situations

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Adopting the right priorities

3 billion people have no access to tap water.
No option should be disregarded. All capacities need to be mobilised

Opposing public and private operators simply slows progress and is detrimental for the poor.

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Private operators contribute to solving water challenges in the field

Several recent reports¹ provide new evidence on achievements of private operators in the field.

- The number of people directly served by private operators in developing countries has grown steadily for the past 17 years to exceed 160 million (6.6% of connected people in these countries)

¹including statistical research made by the World Bank on 141 private operators and 837 public operators in 71 developing countries

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Private operators contribute to solving water challenges in the field

- The quality of the service provided has improved significantly, in particular continuity of water supply has increased by more than 40% in average
- Thanks to 36 PPP contracts serving initially 48 million people in various countries 24 million people, mostly poor, have gained access to tap water (increase of around 50% in a few years)
- Tariff charges are not dissimilar to those of public operators in comparable conditions

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Private operators contribute to solving water challenges within the international community

Some of our messages in Istanbul WWF5:

Drinking water

- Africa is delayed by 23 years
- People need a better level of access than currently called for by the MDG



More ambitious policies, more projects are necessary

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Private operators contribute to solving water challenges within the international community

Sanitation

- MDG (access to toilets) delayed by decades
- People need to be protected from contamination by others. Waste water must be managed better.



More ambitious policies, including for waste water management, more projects are necessary

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Source: Suez