

The Water Operator's World

AquaFed Summer Newsletter – August 2010

Halfway through 2010, we are pleased to send you our second AquaFed newsletter. Thank you all for the encouraging feedback on the first edition. It is very encouraging to know that we were able to make your reading worthwhile. We have tried to incorporate many of your suggestions. We hope that you will enjoy this second edition. As before, please circulate widely within your organisation and do not hesitate to provide us feedback.



This edition of the Water Operator's World shows how busy AquaFed has been in the first six months of 2010. Our activity continues to increase and so does the Federation's impact on the perception and opportunities in the marketplace for private water operation.

Private operators make an important contribution to providing water and sanitation services to different communities throughout the world. Outstanding actions of member companies include the work to help restore water and sanitation services in Haiti after the earthquake and also the spectacular recovery effort in Chile after the earthquake and tsunami. The 10 year review of Silulumanzi's contract in Mbombela South Africa is very positive.

The AquaFed team has continued to promote and provide information about private operators at high-level meetings of international institutions. These have included our big effort on the Right to Water at the UN, our participation in meetings about sanitation at the World Health Organisation, the launch of World Water Day in Nairobi, the OECD and many others. At these meetings we also have very positive networking discussions with members of country governments, academics and NGOs, as well as with local operators.

A new trend is that on several occasions we have been invited to take an active part in global public events to put the case for private operators. The most obvious examples of this are the televised debate on CNN International in January and a more recent debate on BBC World.

We were asked to make a big input to the annual summit of the publication Global Water Intelligence. Here we organised a full session on the diversity of private operators. Several members participated. We placed keynote speakers in other sessions in the program. Gérard Payen debated with activists Maude Barlow and David Boys in the closing highlight of the event, the "Great Water Debate".

AquaFed and its members, continue to stimulate attention and action by the international community and governments to redress the huge backlog of adequate service provision in water and sanitation in many countries. We have raised this issue in numerous different meetings and conferences. This is also one of the reasons why we support so strongly the initiatives in the field of the Right to Water and Sanitation. Contributing to the work of the UN Independent Expert has been a major activity during the last six months.

Anti-private lobbyists including NGOs, trade unions and activists, continue their attempts to discredit our sector and undermine business development. During this period they have been particularly active in the domain of human rights, which is one of their favourite lines of attack.

We are pleased to welcome new members to the Federation, American Water (USA), National Association of Water Companies and Prime Water Infrastructure (Philippines), as well as five affiliates from Veolia in Italy.

Nadine, Thomas, Erasmo, Xavier, Jack and Gerard

1 “Stop Press!” – UN General Assembly resolution recognises the Right to Water

A UN Resolution recognising the Right to Drinking Water and Sanitation, promoted by the government of Bolivia, with heavy influence and lobbying by the usual anti-private lobby, was voted in the UN General Assembly on July 28th 2010.

AquaFed issued a press release celebrating this vote. (See www.AquaFed.org)

We highlighted 3 essential steps necessary to implement the Right to Water and Sanitation locally and to make this right real and useful to all individuals:

- “ 1/ *Acknowledge the Human Right to Water and Sanitation and its content and obligations (Recognise)*
- 2/ *Identify and empower the public authority in charge of overseeing and administering the local implementation of the Right to Water and Sanitation, its related duties and its means of action. (Organise)*
- 3/ *Having a capable field operator, mandated and controlled by this public authority, to ensure delivery of the right to each individual concerned. (Implement)*

The new resolution by the UN General Assembly is a major contribution to the first step which operators welcome.

For private water operators, this global recognition is an important milestone. Our members and our Federation have been working actively with the United Nations and many other stakeholders for a decade to ensure that the Right to Water and Sanitation is recognized, that it is practical and can be implemented. This UN resolution is welcomed because it is a stepping stone that should increase the commitment of national governments to ensuring that all their population enjoys the multiple benefits of having access to adequate water and sanitation services.”

We continue to support the Right to Water and herald the vote in itself. However, the motivation behind the resolution, the way it was passed, and the public declarations of many involved with it, may cause concern. Whilst the resolution itself contains nothing that is disadvantageous to private operators, the continued potential for the Right to Water and Sanitation to be abused in anti-private propaganda requires close attention by the Federation.

The resolution also mandated the Independent Expert on Human Rights and Water to submit a report to the General Assembly in 2011.

2 Improving Understanding of what Private Operators do

2.1 Public debate

The AquaFed team continues to look for opportunities to position the Federation messages in the international debate, and – for the first time ever – we were successful in achieving coverage in the most visible of international mainstream media.

The January CNN debate on the show “Amanpour” gave us unprecedented access to a global general public and confirms our visibility as representing all private operators worldwide. (For more details see below)

Other opportunities included the BBC World televised "World Debate" recorded during the Singapore International Water Week and the "Great Water Debate" that took place at the GWI World Summit in Paris.

It is very challenging to participate in these debates, but is also one of the best ways of answering unfair criticism and improving the understanding of the real challenges in the water sector and the way that private water operators contribute to solving these problems.

2.2 Submissions on the Right to Water and Sanitation

A landmark event in early 2010 was the series of public submissions we made to the consultation process by the UN Independent Expert on the Right to Water, Ms Catarina de Albuquerque, on the "Provision of water and sanitation services by the private sector".



Some of the participants in the UN Public Consultation in Geneva in January. Catarina de Albuquerque in the centre, Anil Naidoo of Council of Canadians next on right, David Boys of PSI extreme right.

Our efforts, combined with those of numerous AquaFed members and other stakeholders, ensured that the Independent Expert received very substantial submissions giving a comprehensive, accurate, and balanced view of private sector provision. She was thus no longer subject only to an overtly anti-private bias.

All the public submissions are available on the Independent Experts web site:

http://www2.ohchr.org/english/issues/water/iexpert/written_contributions.htm

The AquaFed submissions can also be downloaded from our site: www.aquafed.org

Her report, published on June 30, 2010 is a recognition of the role and contributions of private water operators and a demonstration of the necessity to allow "non-state actors" to operate water and wastewater services. This report finds that all operators that are legally distinct from the organising public authority are in the same position with respect to the Right to Water and Sanitation. These "non-state actors" include corporatised public utilities and NGOs as well as private operators. The report will be presented formally to the Human Rights Council in September.

AquaFed will continue to monitor the work of Ms. de Albuquerque. Although her last report is satisfactory and balanced in its appreciation of private sector contributions, we need to be vigilant that activists do not exploit it to advance their own cause.

Access the report at: http://www2.ohchr.org/english/issues/water/iexpert/private_sector_participation.htm

The next step in this process will be for her report to be examined at the next session of the Human Rights Council in Geneva in September

2.3 Members of UNSGAB visit Crestanks in Kampala

During the Congress of the African Water Association, Uschi Eid, former Parliamentary Secretary of State in the German Federal Ministry for Economic Cooperation and Development and Gérard Payen, both members of UNSGAB, (the United Nations Secretary General's Advisory Board on Water) visited the premises of Crestanks in Kampala. Crestanks is a member of APWO, the AquaFed national member for Uganda.

They saw the innovations that this company is making in the field of equipment and installations for sanitation and water supply. This Aquasan¹ range of products is adapted specifically for the conditions in African Communities. These products are designed for both individual domestic and institutional uses. APWO is hoping to be able to make extensive use of these products to accelerate water supply and sanitation in the small towns and communities in Uganda. This objective was strongly encouraged by Ms Eid and Mr Payen.



Left: G. Dina, Group CEO Crestanks shows the MOBILET® & EKO-LOO® modular toilets to Uschi Eid & Gerard Payen. Right: the WONDER-LOO® urine diversion toilet. Inset: members of the delegation including APWO, GTZ & AquaFed

The visit was organised by the German aid agency GTZ, which provides institutional and material help to APWO. AquaFed thanks GTZ for this solid support.

3 Correcting unfair propaganda

One of the biggest challenges that the industry faces is to correct the impacts of unfair and biased propaganda. It is difficult to counter simplistic and emotive messages that are easily accepted by public opinion. AquaFed is actively seeking opportunities and techniques to do this. We are making progress as the following items show. Much remains to be done and members' input is needed.

¹ For more information visit <http://www.kentainers.com/kent/index.html>

3.1 CNN Debate

AquaFed took front-stage in publicly confronting activists on worldwide television. CNN International aired a primetime showdown on January 7, 2010 between AquaFed's President Gérard Payen, Robert Kennedy Jr., (an American environmentalist lawyer) and Maude Barlow, one of the high-priests of the global anti-private coalition.

The interview was conducted by Christiane Amanpour, a world-famous journalist. In spite of an unfair programme structure and very difficult interview conditions, the Federation was able to demonstrate a really professional image to a worldwide audience. Full transcript at: <http://transcripts.cnn.com/TRANSCRIPTS/1001/07/ampr.01.html>

Gerard's key messages were:

First intervention: *"Everywhere in the world, governments have the responsibility to ensure that water is available to all users. I represent private water operators, private companies that operate water systems that deliver water services when mandated by governments and under their control.*

In AquaFed, in our federation, we have members of all sizes and all countries. So our job, when mandated by governments, is to bring good quality water to people.

It is our duty, and we do it."

Second intervention *I understand that some people believe that when water is supplied by a private company, the government loses control of it. In practice, it doesn't work like that. The government makes the main decisions. The government, central or local, decides the targets. The government decides the tariffs, I mean, the rates that would have to be paid by the people. An operator, public or private -- it makes absolutely no difference -- does the job on the ground. We are implementers. We are implementers of public water policy.*

Regarding the cost and the price, I'd like to say that purifying water, transporting water to each individual house has a cost. And the government has to decide who should bear this cost. Should it be borne by taxpayers or by water users or by both, by a mix? It's a political decision. And in different countries, you may have different answers to that.

But in any case the cost has to be borne by somebody.

Third intervention *As I said before, in AquaFed, we have private companies of all sizes, small sizes, midsize, and large companies. Regarding the cost of water, the governments have to decide the tariff structures and they have to make water affordable to the whole population, which means that they have to decide the way subsidies can help people to afford the cost of water. It may be free water, in some cases.*

The companies, as we are, think that the water is a human right. We have supported the concept of human rights for many years now. And there's a good reason for that. It's because our job is to bring good, quality water to everybody.

So governments make the decisions, and we do the job on the ground. We provide water to all those people they request we do.

Final Intervention *Well, this is our job. We -- we only serve 10 percent of the world population. But we were in those countries where there are the most needs. In developing countries, in the past 10 years, we were able to provide access to water to more than 25 million people.*



Comments from members on this televised debate were extremely positive and reinforce our commitment to take head on those activists who spread biased and demagogic views of our industry. Now we say what our members stand for and fight for it on a daily basis so that your contributions in the field are recognized and appreciated.

This is still new for us, as in the past we've never had the chance to debunk activists' myths in public. Most definitely, this is having an impact on policy-makers and colleagues within the international water community.

3.2 BBC World



During the Singapore International Water Week, Gerard Payen was invited by the Institute of Water Policy of the Lee Kuan Yew School of Public Policy to take part in a BBC World television debate on “Are We Running Out of Water?”. Other panellists were Israeli Director of the Friends of the Earth Middle East Gidon Bromberg; President of the Third World Centre for Water Management Asit Biswas; UN Special Ambassador for MDGs in the Asia Pacific Erna Witoelar; and Chairman of PUB Tan Gee Paw. Moderating the session was BBC World News presenter Nick Gowing.

Gerard was able to make a number of positive points as well as counter several attacks on the private sector. Notably, when accused of defending multi-national companies he explained that there are private operators in many countries. As he was in Singapore he mentioned the existence of local private operators in India, China, Indonesia, the Philippines and Singapore.

The programme was broadcast five times on July 17th and 18th and will be available for streaming from the BBC World website soon. <http://www.bbcworldnews.com/Pages/ProgrammeMultiFeature.aspx?id=196>

3.3 The “Great Water Debate” at the Global Water Intelligence World Summit

The closing session of the Global Water Intelligence summit was titled “The Great Water Debate”. This high profile media debate was on “Should water provision be run as a business?” The motion was proposed by Bruce Babbitt, formerly Governor of Arizona, and Bill Clinton’s Secretary of the Interior. Opposing the motion by video link was Maude Barlow, Chair of Food & Water Watch and the Council of Canadians, co-founder of the Blue Planet Network. The motion was seconded by Gerard Payen, President of AquaFed and a member of UNSGAB and the opposition seconded by David Boys of Public Services International (an international federation of unions) and also a member of UNSGAB.

Maude Barlow opened the debate with her usual ideological statements and scaremongering about rights, commodification, profits, water trading and environmental degradation.

Bruce Babbitt responded by criticising the “Leninist” system through which people have grown to expect plentiful water without paying for it.

Gerard Payen gave a number of careful arguments with illustrations to show a more real and practical situation. These included:

- Public authorities must define water policy, take the main decisions and control the way these are implemented. Operators, public or private, are the implementers of these decisions.
- Water operations, public or a private, must be managed as a business. All the public utilities that show good performance are managed like businesses and many of them declare profits. Phnom Penh and Singapore are examples.
- Private operators are implementers of the Right to Water. It is their job. They have delivered first time connections to 25 million people in the last 10 years and improved the services to many more.
- Implementation of the Right to Water is essential. A right that does not secure water for the billions of people that need it is useless. The real needs are enormous. Around 4 billion people (3 out of 5) do not have reliable running water in their homes.
- Those who try to prevent private water operators from delivering services are not working in the interests of

these billions of unserved people.

- To solve the water challenges, governments need good, experienced and professional water operators. They exist in both the public and private sector, where they face the same constraints and need the same sound business environment in which to succeed.

David Boys developed a number of the arguments promoted by Maude Barlow.

After a series of questions posed to each debater by the facilitator, discussion was opened to the participants. Three AquaFed member companies made very good and strong comments from the floor, contesting Maude Barlow's views and giving practical examples. These interactions had a powerful impact on the audience.

While it was clear that the audience on this occasion was favourable to business, it must be recognized that more substantive arguments were produced by the debaters proposing the motion. This appeared to be substantiated by an article that appeared in the U.K. newspaper "The Guardian" the following day.

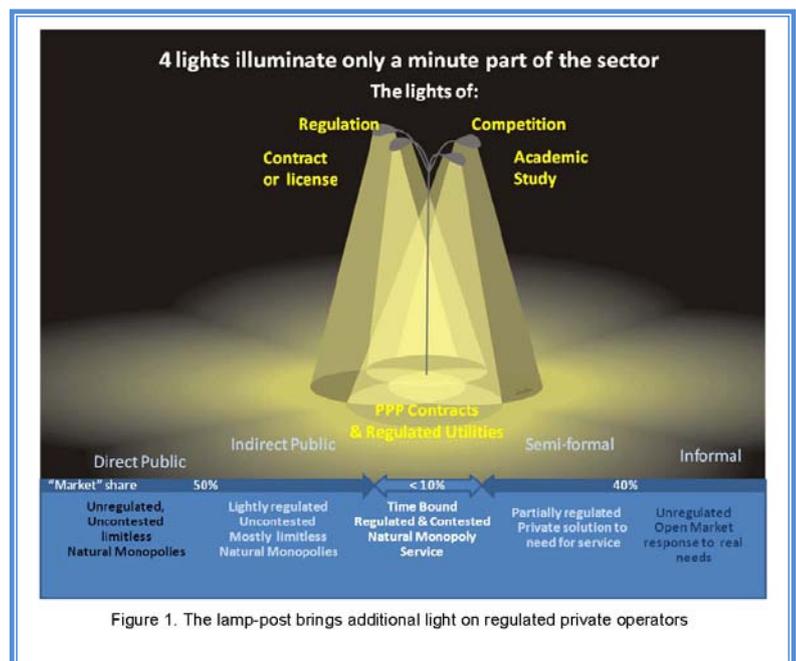
3.4 Part three of our submission to the UN Independent Expert on the Right to Water and Sanitation

In part three of our submission on the Right to Water and Sanitation and the private sector (see 2.2 above), for the first time we exposed in writing many of the misconceptions about the performance of private operators that are created by anti-private propaganda.

The executive summary includes "Knowledge of PSP is influenced by anti-private lobbies, which issue many biased reports on PSP. Some of these draw general conclusions from exceptional or unsubstantiated facts. Academic researchers do not always detect this anti-private bias even when the "facts" reported are systematically unfavourable to the PWOs."

We also introduced the concept of the "lamp-post syndrome" to show how attention is focused on the private sector because this is where the most information is available. Many of the real problems in water and sanitation occur elsewhere.

This approach demonstrates the value and importance of defending activities against misinformation at all levels. Members are encouraged to adopt the same approach and not to leave any untrue statement uncorrected.



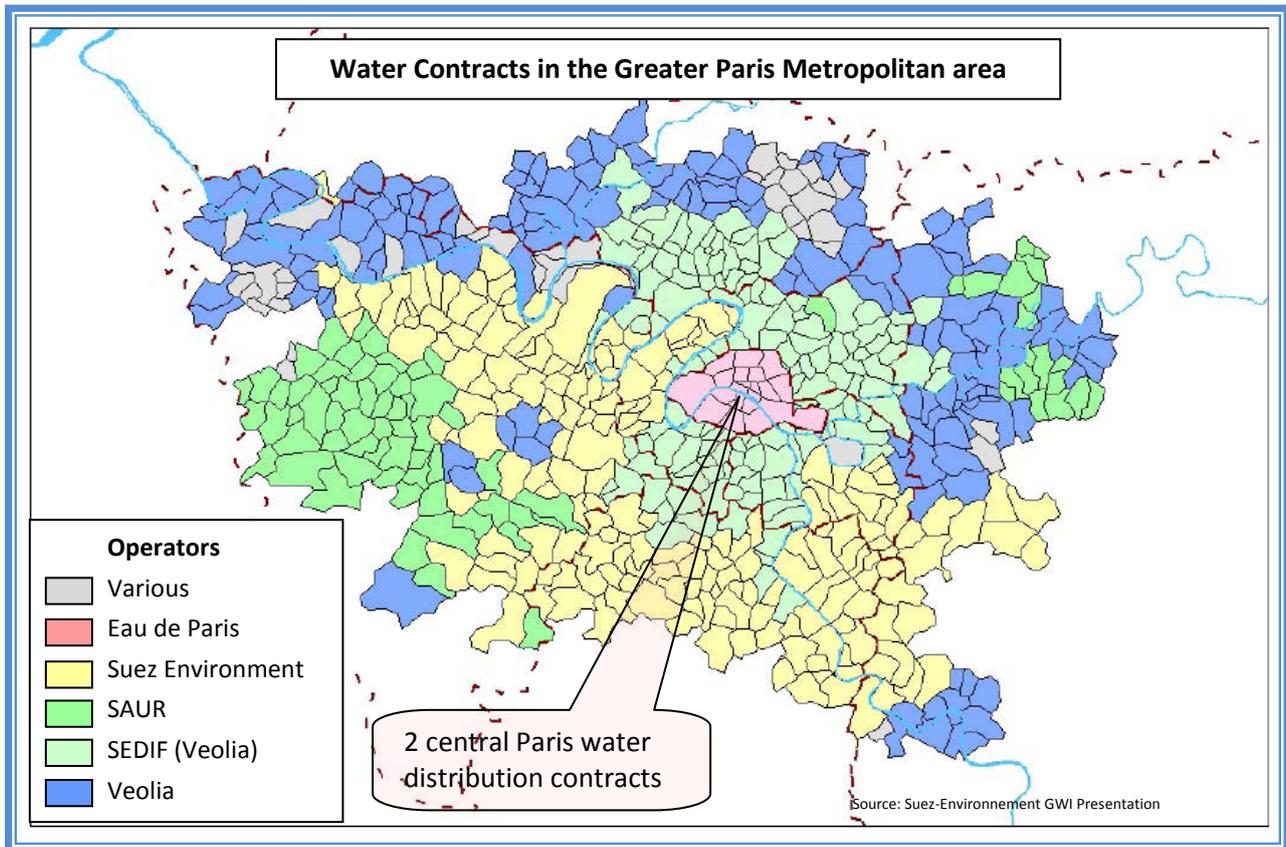
3.5 Central Paris Contracts Completed Successfully

The anti-private lobbies use the idea that public authorities are increasingly "remunicipalising" private operations. In France they have been exploiting the non-renewal of the contracts for water distribution in central Paris for this. To correct this, AquaFed organised a presentation in the GWI summit on the Paris case.

The contracts for the water distribution of central Paris have just been completed successfully at the end of their 25 year term. They represent a considerable success story, showing how the private operators have transformed the mediocre quality of service and poor quality aging assets at the beginning so that today the public authorities have had transferred back to them a sophisticated and high performance service.

Correcting unfair propaganda

The contracts passed through two major phases. The first was one where overcoming the technical challenges was the main pre-occupation. Once these challenges had been met it was then possible to concentrate on social policy objectives to meet new political priorities.



Not to be confused: Paris (2.2 M inhabitants) vs Paris Metropolitan area (10 M inhabitants).

Set in the context of the water sector of France as a whole, these contracts were emblematic because of the association with the capital city. In truth they were relatively modest in size. The fact that they had accomplished their objectives and that the political decision to take a different approach involving public management is a demonstration of the flexibility of the French “delegated services” management model. It is important to recognise that for a much larger contract (SEDIF) in part of Greater Paris that serves over 4 million people, the public authorities have decided to continue with private operation under a new contract for the next 12 years.

The Paris contracts illustrate the dilemma that faces most private operators in that the municipalities are both potential competitors and potential clients.

Private operators are used to turn round failing utilities. When a utility is in trouble they are welcome, but once they have returned the service to good shape, their continued involvement should not be taken for granted.

Both operators of central Paris are satisfied that they have done a good job and that this has been recognised. They would have liked to have had the opportunity to bid for new contracts in a fair and transparent way. They are concerned that the anti-private lobby is misusing the current situation to project the contracts as a failure which they are not.

These contracts came to the end of their term and were not renewed for political reasons. They were not "remunicipalised" (a typical propaganda word) because they were never "privatised". The City Hall was and always is in control. It should be noted that there has been no change to the price of water to users with the management change.

4 Field Support

4.1 Joint delegation with APWO to Ugandan government

APWO, our Ugandan National Member, took advantage of the AquaFed delegation being in Kampala for the African Water Association's Congress to ask us to support them in discussions with the new Ugandan water regulator. A constructive meeting was held which enabled the regulator to ask questions about international experience and AquaFed to provide him input and suggestions about regulating the water sector and particularly the private operators in Uganda.

This was followed by a field visit to the water operations in the small towns of Bombo and Wobulenzi to the north of Kampala. We visited some of the field installations, the customer relations officers and the clients in these two sites.

We saw at first hand the challenges facing small scale operators, which include shortages of material, lack of effective billing systems, and most important electricity blackouts from the state electricity company that make pumping water for distribution impossible and lead to frequent service interruptions.



Left: site visit to customer centre in Bombo

Right: empty service reservoir due to electricity blackout

4.2 Working meetings in the USA

Members of AquaFed staff made a visit to the United States in January to meet members and discuss matters of shared interest. At NAWC, the US National Member, these included ways to communicate about the activities of private operators, issues related to the Right to Water and Sanitation, involvement with external stakeholders, and perceptions of the US and other markets. Individual meetings were also held with American Water and United Water.

4.3 An academic conference to support Brazilian operators

In April 2010, AquaFed organised a roundtable and a conference with the University São Judas Tadeu in São Paulo, Brazil. Gerard Payen gave a lecture on improving water management and access to water in the main auditorium of the University. This enabled him to present the complementary roles of public authorities and operators and the significant contribution of private operators. These two events were opportunities for ABCON, the AquaFed national member, to make the case for Brazilian operators. Newton de Lima Azevedo participated in the roundtable and Yves Besse, ABCON president, made a speech in the auditorium.



Newton de Lima Azevedo presents to the conference at the University in Sao Paulo

5 Representing the industry

5.1 African Water Association's Congress

The Federation co-organised an important session in the African Water Association's Congress in Kampala, Uganda – on “customer relations” with the International Institute for Water and Environmental Engineering (2IE) and the Water and Development Alliance (WDA). The session was co-chaired by Jack Moss and presentations were made by Xavier Maitre Robert, Dennis Byamukama, of APWO (Uganda), Waly Ndour of Senegalaise des Eaux (Senegal) and Pieter Tobing of Silulumanzi (South Africa).

AquaFed also supported the session organised by the Water Integrity Network WIN, at which APWO also made a keynote presentation. APWO also participated in a session dedicated to the Ugandan situation.

All these sessions made an important contribution to the largest Pan African water conference ever. The event was widely acclaimed as a great success that clearly showed how African water leaders have a clear vision for the future and how water operators will contribute to this. Full recognition for this achievement goes to AquaFed Executive Committee member Mamadou Dia. He is the President of the African Water Association and made a huge contribution to the quality of the event and the clarity of the messages developed. Mamadou Dia is currently the Chief Executive of the Senegalaise des Eaux that supplies water in most of urban Senegal.



Mamadou Dia (2nd right) welcomes the Ugandan President to the Opening of the African Water Association Congress in company of two Ugandan ministers

5.2 GWI Global Summit

AquaFed was invited by the leading journal Global Water Intelligence to help it with the co-organisation of the IDA/GWI Global Water Summit 2010 in Paris in April 2010.

The theme for the 2010 event was "Transforming the World of Water", and AquaFed was asked to assist the organizers by contributing ideas and mobilizing members to demonstrate how the private sector is contributing to the changing scene.

AquaFed was allocated a full Private Operators' Session in the main programme on the first day. This was the centrepiece of the formal AquaFed involvement. The purpose of this was to show the diversity of private operators' business models and the contribution they make to providing solutions to water challenges in many different situations throughout the world.

Member companies or associations from 7 different countries took part in this panel. The participants invited were chosen to demonstrate the full range of sizes of private sector operation and to illustrate business models and performance from the five continents. Each participant made a 7 minute presentation that focused on the key objectives. The presentations were followed by a question and answer session with the audience. The panel was introduced and summarized by Gerard Payen, the President of AquaFed.



Denis Byamukama and Pedro Pablo Errazuriz talking at the GWI Summit

They key messages from this session were:

- There is a very wide variety of private operators, who have different histories (some over a century and others very recent), they show a wide variety of different solutions and a great deal of adaptability and flexibility to meet the changing needs of different countries and situations.
- Private operators have made a considerable contribution to the development of water and sanitation services in different countries at different stages of their evolution, and this continues.
- Private operators have a good track record for performance. This is shown by the case studies and by recent reports on the sector.
- The institutional structures in a country are important for the success of public private partnerships, which need a real spirit of collaboration to succeed.

The case of the recovery from the earthquake and tsunami in Chile showed the flexibility, commitment and performance of private operators to face unexpected problems of crisis proportions.

AquaFed thanks the members who participated in this very successful panel.



The private operators' panel presents the diversity of private operators to a packed audience.

From left to right: Presenting Denis Byamukama of APWO, Uganda; Fernando Reis of Foz do Brasil, Brazil; Jöel Seché, of Saur, France; Gérard Payen; Don Correll of American Water, USA; Pedro Pablo Errázuriz of Essbio, Chile; Cristino Panlilio, of Balibago Waterworks Systems, Philippines; Marius Van Aardt, of Silulumanzi, South Africa.

Private operators also made keynote presentations in other sessions. This included a presentation by Jean-Michel Herrewyn of Veolia Water on "The Energy Imperative", by Marc Delaye and Jacques Labre on the central Paris water distribution contracts and by Jean Pierre Ermenault on the LYDEC contract in Casablanca, Morocco.

AquaFed also organised a closed meeting for private operators (both members and non-members) during which participants discussed freely major issues and challenges facing our industry. Many of the members participating felt that this was one of the most useful sessions in the whole summit. It enabled them to get to know their peers from other companies and other countries and to share real experience.

The summit ended with the Great Water Debate (see item 3.3 above)

As a result of the GWI/IDA summit, there have been several positive articles on PSP, and commentators are appreciating the "relaunching of a wave of privatisations" (GWI).

5.3 World Water Day

AquaFed participated in the events building up to World Water Day at the UN headquarters in Nairobi. These activities included a full-day workshop on the value and benefits of water quality. A briefing and training session was given for young journalists and there were site visits. On the day itself, AquaFed took part in the World Water Day launch, where it was able to make a brief statement as an invited participant. Several UN documents including "Sick Water" and "Clearing the Waters" also had their public launch.



A young photo-journalist at work in the Kibera slum Nairobi on the World Water Day launch programme

5.4 WIN International Steering Committee

AquaFed, which is a member of the International Steering Committee of the Water Integrity Network (WIN), hosted a two-day session of the steering committee and the secretariat at our Paris headquarters. AquaFed encourages all members to join and participate in the WIN. <http://www.waterintegritynetwork.net/>

5.5 AquaFed invited to join the Sanitation and Water for All partnership

The Federation was invited by the organisers of the new Sanitation and Water for All partnership to become a member of this organisation and represent the private sector. AquaFed has responded positively to this invitation believing that it is important for the professional operators to be represented actively in this new political initiative. <http://www.sanitationandwaterforall.org/>

6 Outstanding Operations

People often forget the enormous power of nature. When natural forces strike the men and women of water operators are often in the front line to help protect people's lives and properties and to restore the public services that have been destroyed by powerful natural disasters. At least two such situations occurred early in 2010.

6.1 Humanitarian support in Haiti

Three members of the AquaFed family mobilised significant resources, expertise, technology and money to help the people of Haiti to regain the vital services of water and sanitation in their broken communities following the major earthquake there on January 12th. LYSA, Suez-Environnement and Veolia (working with various charities and local agencies) all mobilised staff in Haiti itself as well as a considerable backup staff at home. Experts were in the field within a day of the disaster striking and were already making assessments of what needed to be done. This was quickly followed up by the initial deliveries of emergency equipment for temporary water supplies. Shortly after, the effort on providing sanitation, particularly to the tent encampments, was undertaken. Following the initial emergency, support is now being given to the reconstruction effort. It is impossible to assess the number of lives saved and misery reduced as a result of these actions. The needs of the overwhelmingly poor people of Haiti for water and sanitation remain enormous.



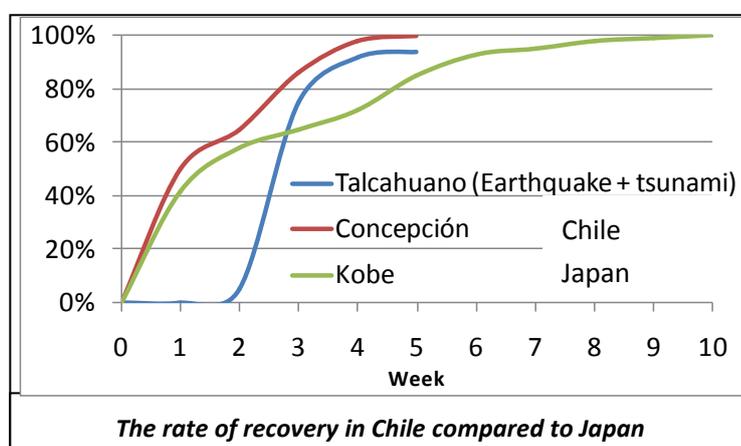
Haiti - Collecting water from a temporary supply provided by a private operator

6.2 Restoring services after the earthquake and tsunami in Chile

On February 27th one of the most violent earthquakes in the last hundred years (8.8 on the Richter scale) struck Chile. This was followed very shortly after by a tsunami on the Pacific coast. Coming shortly after the Haitian earthquake and being a country that is more developed than Haiti, this disaster attracted less public attention worldwide. Nevertheless the damage was devastating. The recovery effort necessary was massive. In the face of this, the response effort of the private water operators in Chile was very impressive. Support for the local communities was immediate and the restoration of services extremely rapid. As the diagram indicates, the companies in Chile were able to restore services much quicker than was the case for the famous similar earthquake in Kobe Japan.

It is important to note that because almost the entire water service of urban Chile is provided by private operators and that the burden of the response and recovery costs were borne by them and their insurance companies these disaster response costs created no tax burden on the Chilean population.

This diagram indicates the rate of recovery of the permanent networks after the earthquake and tsunami compared with the performance in Kobe. It should be noted that the epicentre of the Kobe earthquake was 20 km from the city centre and the earthquake 7.2 on the Richter scale. In Chile, the towns of Talcahuano and Concepcion are 105 km from epicenter, but the magnitude of the quake was 8.8.



The initial delay in permanent network recovery in Talcahuano is due to its dependence on the Concepcion system. Part of the Concepcion network had to be repaired before sufficient pressure could be restored

to start services in Talcahuano. During this two week period two temporary actions were set up to ensure essential water to the people. One was a relay of tanker trucks to distribution points and the other the construction of 150 small wells to provide non-potable water for non-consumptive uses.

Pedro Pablo Errazuriz Dominguez, CEO of AndesCan, one of the member companies of ANDESS, AquaFed's National Member in Chile, gave us a dramatic description of this effort while he was in Paris for the GWI summit. To get a flavour of this look at the video clip at <http://www.youtube.com/watch?v=QcjVHxG4ps>

6.3 Performance review of Silulumanzi – “The concession is a success”

The PPP unit of the National Treasury of the government of South Africa has just published a case study examining the 10 years of the life of the Silulumanzi contract in the municipality of Mbombela (formerly Nelspruit). This study recognises that the contract has been a success. It categorises this success in seven key factors and also contrasts the performance of Silulumanzi with other neighbouring operations and those throughout South Africa. It is clear that under difficult and changing conditions the contract has vastly improved the quality of water and sanitation services in both the urban and rural parts of the municipality. The study finds that the number of households in the concession area has increased by 30,600 or 65% while the percentage of households without basic supply has decreased from 44% to 12%. The concessionaire is also noted for producing consistently high-quality water. The report notes that all of the concessionaire's plants received a “Blue Drop award” from the South African National Department of Water Affairs (DEWA). This is the highest level in the DEWA rating system. The Matsulu water plant operated by Silulumanzi was rated the highest in South Africa. Similar high standards were noted with the wastewater treatment plants in the “Green Drop” ratings.

The report concludes: *“Ten years on, this concession is operating at a high level of operational and financial performance, and has yielded significant benefits for the Municipality and its water and sanitation customers. Based on the authors’ experience of working with, and assessing, a number of other South African Water Services Authorities and Water Service Providers, it is the conclusion of this study that water and sanitation services in the concession area are in much better condition than if the Municipality had continued to operate them directly out of one of its own departments.”* <http://www.ppp.gov.za/>



Photo: Silulumanzi

Photo: J. Moss

Football fever in South Africa – The management and staff of Silulumanzi pose in front of the company's unusual reservoir painted to resemble a football to celebrate the World Cup. Some of the games were played in the new stadium in Mbombela. On the right the same reservoir pictured in 2008. It stands on the top of a hill and is very visible from the stadium.

7 New members

AquaFed is very pleased to welcome the following new members.

American Water



American Water has joined the Federation as a corporate member.

Founded in 1886 as the American Water Works & Guarantee Company, American Water has been serving customers and communities for almost 125 years. American Water serves approximately 16 million people in 35 U.S. states and Manitoba and Ontario, Canada.

American Water operates in both the investor owned and the contract operation markets. The company employs more than 7,000 dedicated professionals who provide drinking water, wastewater and other related services. <http://www.amwater.com/>

Dan Kelleher explains the long history of American Water to Gerard Payen

Primewater Infrastructure Corporation (Primewater)

Primewater from the Philippines was accepted as a corporate member. Primewater operates 22,000 connections in Luzon. Primewater has a strong presence in the North-East and South of Manila, as well as key provincial cities like Pampanga, Pangasinan, Batangas, Cagayan de Oro, Iloilo and Cebu.

The company has placed special attention on customer management.

<http://www.primewatercorp.com/>

NAWC - The National Association of Water Companies



Michael Deane, Executive Director, National Association of Water Companies with Gerard Payen in the association's Washington headquarters

NAWC is the new national member for the United States.

The National Association of Water Companies (NAWC) represents all aspects of the private water service industry in the United States. In late 2009, it absorbed the previous AquaFed National Member from the USA, the WPC.

The range of NAWC's members' business includes ownership of regulated drinking water and wastewater utilities and the many forms of public-private partnerships and management contract arrangements.

NAWC's membership ranges in size from large companies owning and/or operating many hundreds of utilities in multiple states to individual utilities with only a few hundred customers.

Every day nearly 73 million American citizens — almost one in four of the US population — receive water services from a privately owned water utility or a municipal utility operating under a public-private partnership.

<http://www.nawc.org/about/about.html>

Italian subsidiaries of Veolia

Five subsidiaries of Veolia from Italy were admitted as associate members. These are VEOLIA ACQUA SRL, the Veolia holding company in Italy and its four subsidiaries; Compagnia Generale delle Acque S.p.A.; S.A.G.I.DEP S.p.A.; SOCIETA' DELL'ACQUA POTABILE S.R.L.; SICEA SPA. These companies supply drinking water and wastewater management to a number of small and medium towns in Italy as well as industrial water and wastewater services.

8 Anti-private activity

At the global level, the anti-private network of public operators, NGOs, Unions, and academics is regaining some momentum and re-initiating some serious activities that target PPP contracts and markets. They do so in a variety of ways, including the various initiatives and calls for referenda (Italy, EU-wide, and Colombia), rallies (e.g. Anti-World Water Forum meetings) and a variety of media used. For the first time in years, we see evidence of various global meetings where activists are strategizing to attack our industry in a coordinated manner. We need to be vigilant as the "Triad global network" composed of radical NGOs, unions and public operators gains force and attempts to influence policymakers. The struggles around the Right to Water and Sanitation of 2009 and 2010 demonstrate that we are up against a heavily entrenched coalition that now benefits from the open support from some country governments and senior politicians.

In Italy, a massive campaign is underway, targeting the government initiatives on PPP contracts and the so-called "liberalisation" of municipal water operations. The Italian movements have always been very strong and they seem well positioned to gain the right to call for a nation-wide referendum, which could reverse the favourable trend in that country.

In the Cannes Film festival, producers have announced the movie "PAANI" to be directed by the Indian cineaste Shekhar Kapur and produced by Oscar-Winning Director Danny BOYLE (UK, Slumdog Millionaire). It will be based on the "Blue Covenant" book by Maude Barlow. Filming is to start in the fall of 2010 and the film is to be screened at the Cannes 2011 festival. PAANI is of heavy anti-corporate inspiration and may bring worldwide audiences into contact with activists' propaganda in an unprecedented way.

In September, the movie "Water Makes Money" will be premiered all over Europe, denouncing the activities of private operators.

Individual companies are singled out by anti-private campaigners. In 2010, some of our members have been at the heart of offensive and unfounded campaigns. Examples are the demonstration in front of Veolia's Paris headquarters, and the publication of a report on Suez Environment's United Water activities in the USA. In addition, campaigners have been compiling a report on the so-called failures of the Chinese PPP contracts.

9 Key Global Reports

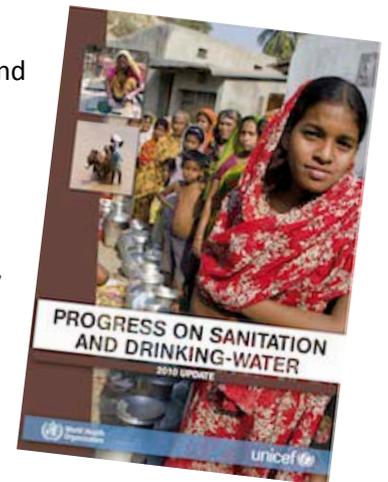
9.1 JMP 2010: Progress on Sanitation, and Drinking-Water

This WHO-UNICEF report is an update of global statistics on access to water and sanitation.

http://www.wssinfo.org/download?id_document=1289

AquaFed analysis:

General progress in rural areas masks regression in urban areas for many key indicators. Whilst current situations are worse in rural areas, the dynamics are worse in urban areas where progress is insufficient to catch up with demographic growth. Both halves of the world have specific challenges. These must be recognised better in global policies.

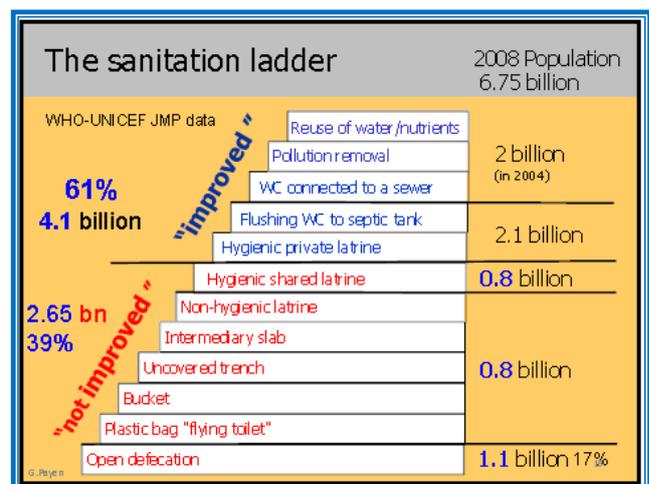
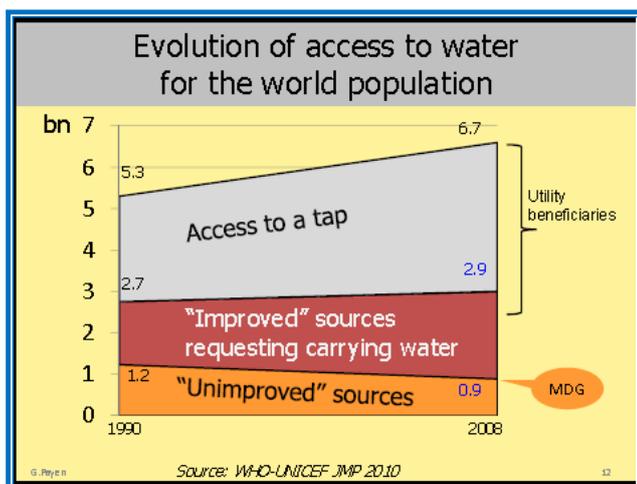
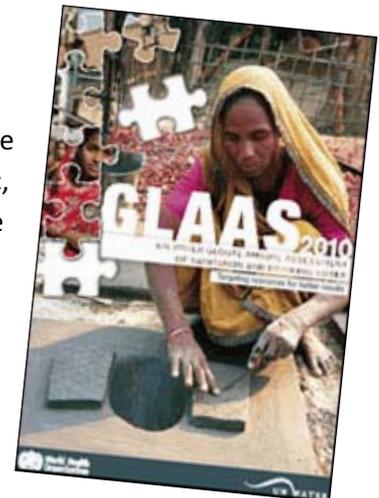


9.2 GLAAS 2010

http://www.who.int/water_sanitation_health/glaas/en/

A useful report that adds to the two other regularly updated UN reports² on the water and sanitation services sector by gathering and providing useful economic, institutional and policy information. Part of this information is not available elsewhere. The GLAAS report makes the lack of global information about water macro-economics visible.

It is the first edition. Its economic content is still partial. Most of expenditures for access to water and sanitation are not documented. Only international aid is thoroughly documented.



Slides from Gerard Payen's presentation to UNSGAB on monitoring progress

² The JMP report and the WWDR report

9.3 World Water Day 2010 publication: "Sick Water"

http://www.grida.no/res/site/file/publications/sickwater/SickWater_screen.pdf

Saving half the water lost through leaky pipes and ill-maintained sewage networks could supply 90 million people with clean water, says a UN report released on World Water Day, March 22, 2010.

"The sheer scale of dirty water means more people now die from contaminated and polluted water than from all forms of violence including wars," the United Nations Environment Programme (UNEP) said. This includes 2.2 million people whose deaths are attributed to diarrhoea, mostly from dirty water, and 1.8 million children aged under five who succumb to water-borne diseases. This equates to one infant every 20 seconds.

"If the world is to survive on a planet of 6 billion people heading to over 9 billion by 2050, we need to get smarter about how we manage wastewaters," Achim Steiner, UNEP's director, said in a press release. "Wastewater is quite literally killing people."

"It may seem like an overwhelming challenge but there are enough solutions where human ingenuity allied to technology and investments in nature's purification systems such as wetlands, forests, and mangroves can deliver clean water for a healthy world," said Mr Steiner.

Aside from recommending a focus on fixing leaky pipes, the World Water Day meeting, during which this report was launched, called for water recycling systems and multi-million dollar investments in sewage treatment works.

Importance for the Federation: this report points to a clearer institutional recognition of the need to invest in wastewater infrastructure and management, and it has the ambition to raise the political attention of decision-makers worldwide to look for experience and operators.

However the report also contains a small number of statements that indicate some influence from the anti-private lobbies. This underlines the importance of countering propaganda whenever it is detected.

Source : Corcoran, E. (ed) ... [et al.] 2010. Sick water? : the central role of wastewater management in sustainable development: a rapid response assessment. Arendal, Norway, UNEP/GRID-Arendal and UN-HABITAT. 85 p.



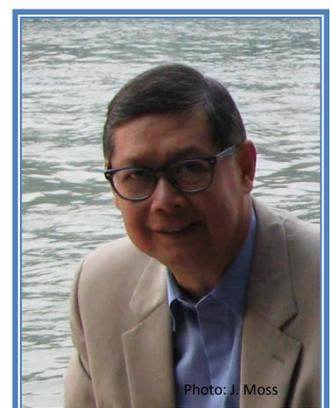
10 People

10.1 Tito Panlilio

The President of Balibago Water Works systems, a member of the Federation, Christino (Tito) Panlilio has been invited by the new president of the Philippines to join the government as head of the National Board of Investments (BOI).

Tito will carry the rank of Undersecretary or Vice Minister and will be responsible for promoting foreign investments to the Philippines.

We all wish him good luck and great success with these new responsibilities.



10.2 Six Questions to Luis Martinez Camps

As vice president of AquaFed what are the objectives of Agbar in the AquaFed Federation?



First, to participate actively in an international Federation created to promote the role of the private water operators worldwide.

Second, join a premier forum in which to share experiences, address the future challenges of the water sector, and help design common strategies for action.

Finally, contribute Agbar expertise to the Federation's vision of in the world of water, and bring the benefits from Agbar's experience in nearly 150 years of service to society.

What are the two key moments in the history of the Federation?

A key moment in the history of the Federation was its creation in 2005. AquaFed was born of the necessity to strengthen the perception of the role played by private water operators and to have an effective dialogue with major international organizations. The experience gained in the five years since then allows the conclusion that the incorporation of Agbar in the federation has been a success.

Another key moment was the AquaFed participation in World Water Forum, held in Istanbul in the spring of 2009. This event marked a qualitative leap forward in the life of the Federation, and thanks to the important role played, AquaFed gained legitimacy, visibility and international recognition.

How do you think the PPP will evolve in Spain and in the world, both medium and long term?

Agbar is one of the pioneers in public-private participation (PPP) in the world of water, with management experience accumulated over 150 years.

More recently, the PPP-based formulae have experienced an unprecedented boom and have mushroomed in many countries. It is a formula of private operators in the management of public services. This trend will continue and probably increase in the coming years.

How will this affect the growth of the Federation?

As in many other areas, we give the PPP phenomenon the importance and attention it deserves. In fact, the PPP formulae have already become one of our priorities.

We are a team of professionals which ensures the quality of work and ensures the achievement of our objectives, including in relation to PPP.

What, in your opinion, are the qualities required for working on Federation team

The Federation team is highly skilled. It is open and alert to the views of all members of the Federation. It must also be acutely aware of the new social movements and new stakeholders who demand new replies to future challenges.

As vice president of the Federation I have the opportunity to work regularly with the team. For me, the main qualities of our team of professionals are: a high level of knowledge and experience in the world of water, a real ability to relate to our stakeholders, a complete confidence in the teams abilities and a proactive approach towards members of the Federation and its environment.

Can you give a personal anecdote that relates to the team or members of the Federation?

I have known President Gerard Payen for many years and therefore I know how he works. In my experience at AquaFed, I have seen that its activities are 24 hours a day, 365 days a year. His teams in Brussels and Paris may have more to say than I do in this regard.

Just take a look at the activity reports of the Federation to see what I say.