IFI support for Veolia in CEE

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Mission: to prevent the environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation

Mostly working on:
- European Bank for Reconstruction and Development (EBRD)
- European Investment Bank (EIB)
- EU Structural and Cohesion funds
- (World Bank)
EBRD

- Founded in 1991 to facilitate the transition of former Eastern Bloc countries to a market economy.
- Supports private sector investment by bearing risk and encouraging other investors to get involved.
- Owned by 61 countries plus the EC and EIB.

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Veolia Water in CEE

Armenia - water supply in Yerevan since 2006
Czech Republic - water supply in Prague + other cities
Hungary - mostly wastewater (eg. Budapest), also some water supply
Poland - Since 2002 water services in 3 small cities
Romania - water services in Bucharest and Ploiesti
Russia - Since 2006 50% stake in Eurasian Water Partnership - water services for Rostov-on-Don via Voda Rostova. Built St Petersburg sludge incinerator. Forthcoming water tender for some parts of St Petersburg?
Slovakia - water services in Banska Bystrica and Poprad
Ukraine? - participation in Artemovsk water privatisation? unclear investment plans in Kiev
Kazakhstan? - was in Almaty via 55 per cent ownership of company 1999-2003
How do the IFIs support Veolia?

- making private sector participation a condition of loans in the water sector
- equity investments in the company’s subsidiaries (buying shares in the company)
- direct loans to the company
- as advisors on projects
- personal connections and ‘revolving door’
World Bank support for Veolia

Direct investments:
- 2008 IFC investment in Veolia Water Africa, Middle East and India (AMI)
- 13.89 percent of company,
- EUR 25 million
- plus loan facility of EUR 35 million

Indirect loans:
- Yerevan, Armenia - Veolia operating water since 2006
World Bank support for Veolia

Advisory services:

- IFC advisor - Apa Nova getting a contract in Bucharest in 2000

Personal connections:

- Mamphela Ramphele, member of Institut Veolia Environnement Foresight Committee, former WB Managing Director
- Mrs. Usha RAO-MONARI, Manager for the utilities, International Finance Corporation (IFC) sits on Veolia’s Sustainable Development Visiting Committee
Percent of water loans requiring privatization by year

*Data from Jan. 1, 1990 through Nov. 1, 2002
Source: World Bank and Center for Public Integrity analysis
EBRD support for Veolia

Equity investments

**Veolia Voda** for expansion in CEE (2007, up to EUR 105 m)
- Czech Republic EUR 27 million
- Hungary EUR 8.4 million
- Poland EUR 29.4 million
- Russia EUR 25 million
- Slovakia EUR 7.4 million
- Ukraine 7.4 million

**Veolia Transport**
2005 Czech Republic, Hungary, Poland and Slovakia:
EUR 17 million each
EBRD support for Veolia (2)

Equity investments (contd.)

Dalkia:
2003 Lithuania EUR 3.7 million
2003 Poland EUR 7 million
2003 Hungary EUR 0.57 million
2004 Poland EUR 54 million (several components)
2004 Hungary EUR 1.2 million
2005 Poland EUR 7.4 million
EBRD support for Veolia (3)

Direct loans:
- 2001, Apa Nova, Romania, EUR 37.5 m for WWTP
- Dalkia: 2001 Czech Republic EUR 19 m, 2002 Poland EUR 39.6 m

Indirect loans:
- 2003, St Petersburg Northern WWTP sludge incinerator, EUR 42.8 million
- 2006 Bucharest Wastewater Treatment Plant EUR 10 million, to be operated by Apa Nova

Promoting private sector participation
- Eg. in Odessa, Tbilisi water project
Suggestions for further steps

- More info still needed on what is going on and who is active on the topic in CEE
- Need for action on individual cases
- Need for information on CEE failures
- Need for action in donor countries to address promotion of private sector participation
Thanks for your attention

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