

Gerhard van den Top,
director of Vitens-Evides International

The ultimate public-private water supply

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“Good management by water supply companies based in large cities in developing countries is a prerequisite for the expansion of water supply facilities. That is why Dutch public water supply companies do not stop at making technical improvements to their international operations, but combine this with changes in technical, financial and commercial management; this renders the improvement and expansion of urban water supply sustainable.” Director Gerhard van den Top of Vitens-Evides International explains in this interview why pragmatism is more important than the unwinnable debate on public or private property. ‘Pragmatism in a public shell’ is his motto.

“We wasted much precious time on debating the issue of a public or private water supply,” concludes director Gerhard van den Top of Vitens-Evides International. The company is a joint venture of the two largest Dutch public water supply companies in which all international operations are merged. Since the Second World Water Forum in The Hague in 2000, the privatisation of water supply has been fiercely debated. According to Van den Top no one is going to win that debate. “A purely public water supply company delivers good performance but it can also face challenges in finding investors. A purely private water supply company, on the other hand, is forced to make short-term investment decisions, and often lacks the capacity to make significant investments in the long term. I don’t see the nuance in the debate. Dutch water

supply companies are a mix of public ownership and private sector operations. This combination also appeals to many water supply companies in developing countries, and makes us an attractive partner to work with.”

Good management as prelude to expansion

“Initially, as a water supply company intent on achieving the UN Millennium Development Goals, we focused primarily on Twinning, or exchange programmes,” continues Van den Top. “But we soon came to find out that expansion of the urban water supply is virtually impossible if you have no budget for repairs and expansion of the often poorly constructed and maintained water infrastructure. That is why we prefer to forge long-term, close partnerships with water supply companies where in



addition to our technical support an investment programme (e.g. based on a loan from the World Bank) is also available. Attracting investments becomes more feasible when we help the water supply company run efficiently and set priorities for improving the infrastructure.” An essential combination, according to Van Den Top: “Investing in the ‘hardware’ of a water supply company is only sustainable if the ‘software’ is also invested in, i.e. the quality of management of the water supply company. Whether the investments come from the private sector or the government, is less important.”

Pragmatism in a public shell

“Public water supply companies in major cities hold the key to improvement of the water supply. The technique is not a problem. There are plenty of technical solutions available. The problem is management,” suggests Van den Top. Good management, including management information systems, will make it more attractive for investors to step in. “A complication that every water supply company has to face is the fee and the way it is set. You can view access to public water as a basic right, but someone somewhere must still foot the bill. Together with the local water

Solutions: performance indicators for water supply companies

The Dutch non-profit company Vitens-Evides International is specialised in the support of the management of water supply companies in large cities in developing countries. The support focuses on three non-technical performance indicators:

- sustainability of water supply
- capability of personnel
- customer satisfaction

A good score on these indicators generates confidence among investors, politicians and government.

supply company, we develop a strategy and look at the operational requirements and investments needed. Then, together with our partner water supply companies, we work on the understanding that the water supply is only sustainable if the fee can cover both the operational and investment costs of the entire company. But this also means that the water supply company must obviously operate efficiently and keep its costs low. That is why we work together on issues such as addressing non-revenue water, invoicing and financial planning and control.”

New institutional environment

Vitens-Evides coached the management of Ghana Water Company Limited for five years. Van den Top explains that initially the intention was to further privatise the water supply company after this contract had ended. But this plan was later abandoned and a discussion arose as to whether it would not be better to allow the federal government to retain ownership of the company. “This created confusion,” says Van den Top. “Many of the improvements achieved over the past five years could be lost if no decisions are made as to how the Ghanaian government wants to organise the water supply in the future.



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Access to water & right to water

Gerhard van den Top, director of Vitens-Evides International:
“If a water supply company is managed efficiently, the investors will come out of the woodwork. Public or private, a sustainable improvement and expansion of the water supply in cities calls for coordinated investment in infrastructure and organisation.”

It is important to make the transition to a sustainable urban water sector in Ghana now, where the best of both worlds (public ownership, private sector operations) are brought together. According to Van den Top, this has largely been achieved in Mozambique in recent years. Vitens-Evides has been providing assistance to the Mozambican National Urban Water Investment and Asset Holding Fund (FIPAG) since 2006. “The government has made clear that the water supply will remain in public hands. Over time, however, the responsibility for investments and management of the infrastructure and the management of the water supply will be separated. The combination of clarity about the policy, and the long-term support of FIPAG by Vitens-Evides International, has earned the confidence of international investors such as the European Investment Bank and the World Bank, which, over the past few years, have invested heavily in major new expansions in Mozambique.”

Hybrid water supply companies
Van den Top closely follows new developments in the field of co-financing with multiple donors and investors, and the thought development around decentralised piped and non-piped solutions. Both trends, he finds, have



clear benefits and ensure that small water supplies also have a chance of taking off in rural and peri-urban areas.” “It is obviously fantastic if an entrepreneur can set up a water kiosk with a microcredit loan.” This approach helps complement the strengthening of urban water supply companies, especially in areas where there is access to adequate and safe water sources. Still, he cautions against unintended consequences. “In a large city, a pipe network is ultimately the most efficient and gives a well-run water supply company the best guarantee for security of supply and the water quality. Mini grids and non-piped kiosks are an addition, not an alternative to the large-scale water supply in rapidly growing cities of developing countries. Large investments are required to ensure the expansion of the water supply alongside the city’s development, and given their relatively low return, such investments are not interesting for most private investors. We desperately need multilateral banks and other public investors to achieve the 2015 UN Millennium Development Goals.”

Read more about Vitens-Evides International at:
www.vitensevidesinternational.com

Water footprint: 4000 litres per person per day
On average, people the world over use an astonishing 4000 litres per day. The Dutch University of Twente has calculated this overall water use per capita, including the water that is needed for food and the production of goods. This overall water use is called the water footprint.
The water footprint reveals how different products and nations contribute to water consumption and pollution throughout the globe. The authors hope that the findings will help governments to establish commodity production and consumption policies aimed at managing the planet’s finite freshwater supplies more effectively.