

# **Private Investment in Sanitation a Contribution to Accelerating Progress**

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**AquaFed**

# Sanitation – Some Basics

- The "invisible" side of water – A very big issue – International Year of Sanitation
- The "matters" involved
  - *Faeces, Urine, Used water, Solids, Rainwater*
- Physical elements & processes
  - *Catch, Collect, Convey, Convert*
- The MDG target is only about "basic sanitation" (toilets). People need waste water collection, treatment, recycling and downstream protection as well

# Drivers vs. Barriers for change

- People want sanitation
- The real benefits are huge
- Sanitation is Taboo
- Politically Unattractive

# An Investment Opportunity?

**Country & Community benefits of investing in sanitation are enormous: between 1:5 & 1:46 in developing countries** ①

Failed sanitation has huge:-

- Environment costs
- Social costs
- Economic costs

These are almost entirely avoidable

**But the balance between direct & externality benefits challenges investors returns**

# The Investors' Challenge

**Benefit of Investing in sanitation depends on the quality of projects and contracts**

There is no opportunity if:

- No secure and stable **revenue stream**
- Unmanageable risk profile
- No certainty of fair treatment

# Revenue streams to compensate investors

- User fees (through water bills)
- Tax contributions
- ODA

**Sustainable cost recovery**

②

# Sustainable Financing for Sanitation Services

## Long-term business needs Stable and Predictable long-term finance

- Revenue streams sufficient and predictable
- User charges that are adequate, equitable and affordable
- Budget subsidies secured over long-term

Fundamentally political questions

# Private sector can & does invest

*Private sector has invested in development & management of all parts of sanitation systems & services*

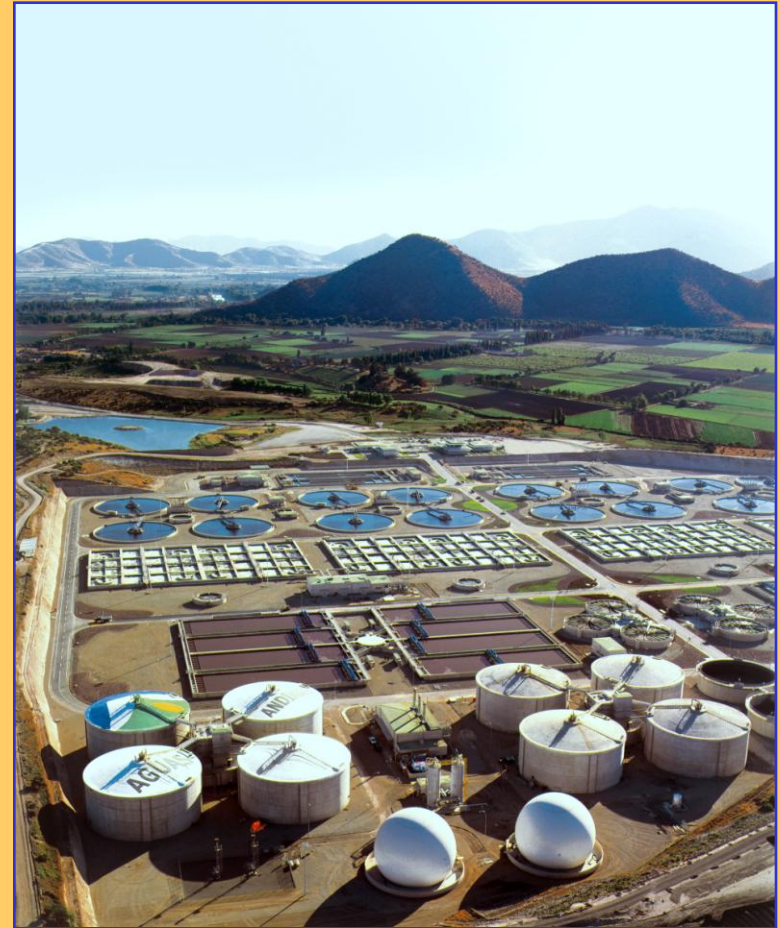
- Individual sanitation
  - *Manila, Nairobi, Accra, Jakarta, Bangkok, etc...*
- W-Water Networks
  - *Brazil, Bolivia, France, Germany, Spain, etc...*
- W-Water treatment
  - *Mexico, Jordan, China, Netherlands, Scotland, Belgium, Spain, etc...*
  - *Canada, France, Panama, S. Africa, Spain, USA, etc...*
  - *Chile, Argentina, Brazil, Hungary, France, UK, Spain, etc...*
  - *Saudi Arabia, Mexico, Namibia, Spain, USA, etc...*
- Complete systems
- W-Water reuse

 New Works  
Operations

## Case study 1

# Chile

Since private operators started work in Chile in 1998 the proportion of wastewater treated has **increased from 16% to 84%**

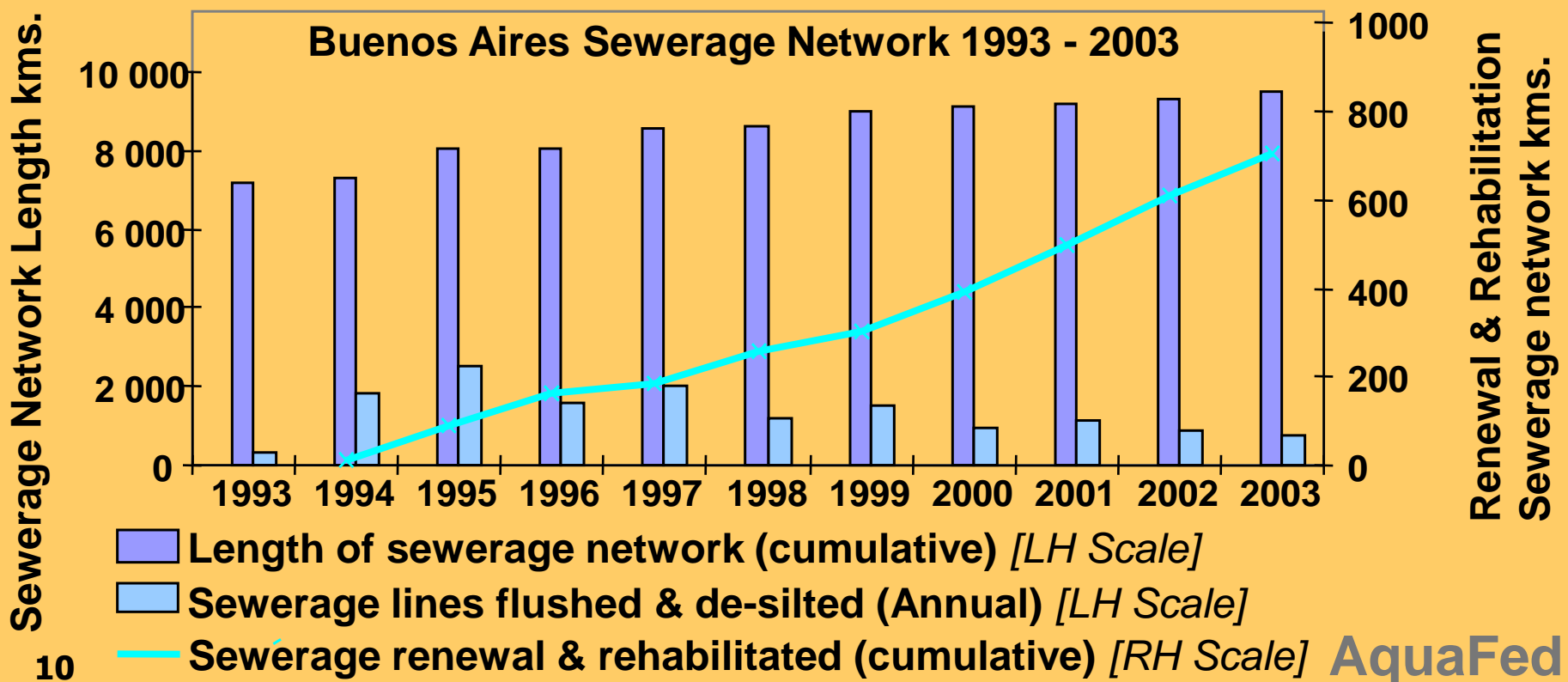


La Fanfarna Wastewater Treatment Works - Santiago

# Case study 2

# Buenos Aires

Between 1993 & 2003 Aguas Argentinas **connected over 1M people** to the sewage system, and **extended the network by 755 kms.**



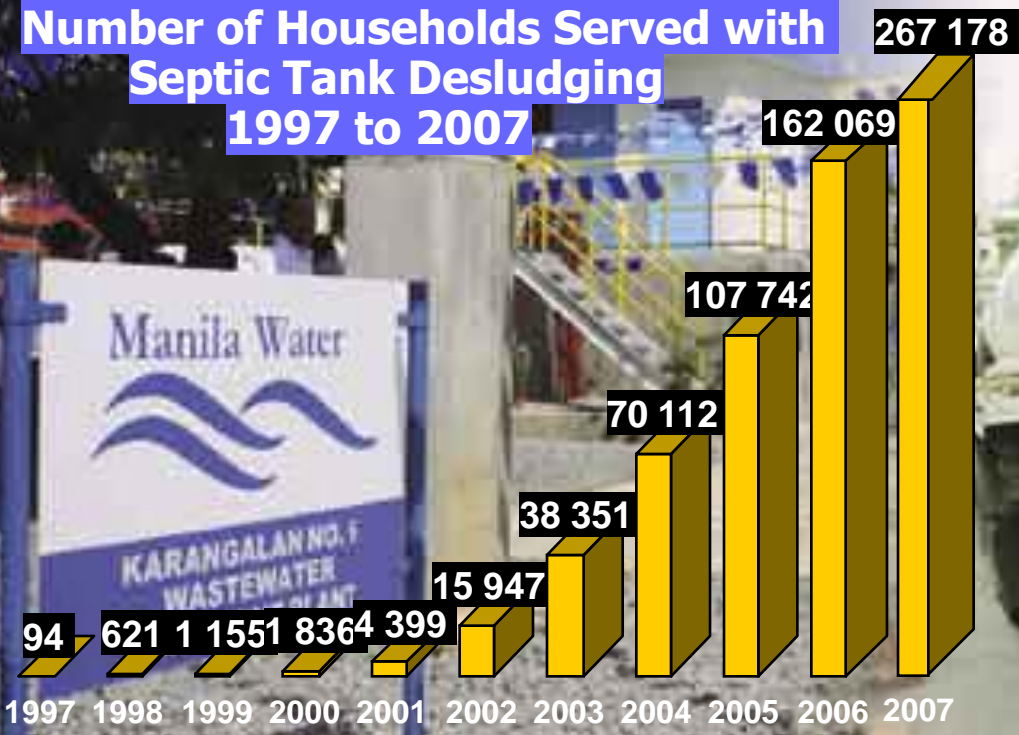
Source: Aguas Argentinas 2004

# Case study 3

# Manila

Manila Water operates **2 septage treatment plants** in East Manila, and owns a fleet of **92** de-sludging trucks. From 1997-2007 **>260,000** households benefited from its septic tank de-sludging service.

Number of Households Served with Septic Tank Desludging 1997 to 2007



Source Manila Water 2006 SUSDEV report

# Conclusions

- For half the world's population access to sanitation is a big issue
- As population density increases sanitation becomes more and more critical for the whole of society
- The challenge is political organisation more than technical or financial
- Sustainable financing is essential
- Politics, Politics, Politics

# AquaFed

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OF PRIVATE WATER OPERATORS**

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