

## Trade Liberalization and Water Services

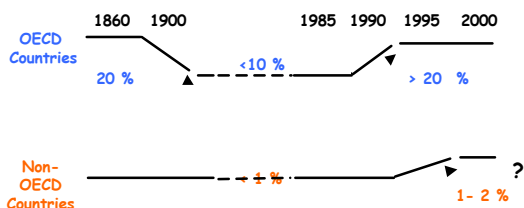
- Large scale private operators.
- Small scale independent providers.

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## Market shares (% population served) per Operator Category - 2003

	Private Operators		Public Operators	
	Large scale Operators	Small scale Providers	All types of structures	
OECD countries	20 %	< 1 %	80 %	Mostly municipal services or enterprises
Non - OECD countries	1 - 2 %	40 - 50 %	40 - 50 %	Often state or national companies

## Market shares (% population served) – Private groups – Evolution



## Private Water Operators in Southern Countries. Current Market Characteristics.

	Private Groups	Small scale Providers
<b>Technical Solutions.</b>	Large pipe systems.	Small pipe networks, kiosks, truckers, etc. Techniques: minimal to more sophisticated
<b>Population served per service.</b>	Hundred thousands to several millions.	A few dozens to several thousands.
<b>Investments.</b>	100 millions Euros and above.	10,000 to 500,000 Euros.

## Private Water Operators in Southern Countries. Current Market Characteristics (Cont'd).

	Private Groups	Small scale Providers
<b>Key players.</b>	10 TNC's. 4 leaders.	Over 10,000 entrepreneurs.
<b>Institutional setting.</b>	New regulatory regimes.	Mostly informal sector.
<b>Service characteristics.</b>	Regular ability to pay required. Fixed fee + m <sup>3</sup> rate	Higher price/m <sup>3</sup> , small quantities sold. Customized billings

## Private Operators in Southern Countries. Key issues for future development.

	Private Groups	Small Providers
<b>Financial risks.</b>	How to safeguard investment ?	Informal sector vulnerabilities.
<b>Sustainability.</b>	Social, economic and environmental sustainability.	Health issues, environmental sustainability.
<b>Institutional.</b>	Quality public partners, Regulatory regime.	Official recognition, Integrate in local plans Cooperation with utility.
<b>Growth model.</b>	Selected markets Cooperation with small scale providers (?).	Emerging lower middle class Capacity building : managerial, technological and engineering inputs.

## Private Operators in Southern Countries. Trade issues.

	Private Groups	Small scale Providers
Focus of current debate	Monopolies / Market access Safeguarding TNC's investments Social sustainability.	Ignored
Issues to include in the debate	Sustainable water management clauses in delegation contracts ?	How to build engineering partnerships? Obstacles ? Barriers to technology transfers (decentralized water systems) ? How to build up related manufacturing capacities ?

## Conclusion : Re-focusing the Trade Liberalization – Water Service Debate.

1. Current focus is on large scale private operators.
2. Only a limited number of issues are considered.
3. This leads to potentially undesirable effects.
4. There is a need to enlarge the debate.
5. New directions for discussing trade issues.