

# Public-Public Partnerships

## Leading the Way to Well-Run, Democratic, Publicly Accountable Systems

The blush is off the rose when it comes to claims by transnational water corporations that they can provide water services more efficiently than the public sector. As communities and countries reject the failed corporate model, new public sector models are being developed, particularly in Latin America, to overcome bureaucratic inefficiencies and to create companies that are truly democratic by giving people a real voice in how the system is run. The goal is affordable, clean water for all, not just for those who can afford to pay more.

One way to achieve this goal is to share expertise on a not-for-profit basis by partnering well-performing public utilities with those needing to improve. These "public-public partnerships" are in contrast to the "public-private partnerships" which the corporations have promoted in order to profit from running public systems and move toward full privatization.

Public-public partnerships can be within countries or between countries. Public systems in Sweden, Finland, Japan and the Netherlands have all provided cross-border expertise to Eastern European and Southern countries. Waternet, Amsterdam's municipi-

pal utility, has provided non-profit expertise to developing countries for the last 30 years and presently provides the equivalent of six full time staff per year for this purpose. While providing advice, they respect the local operators and do not seek to control how they operate their system. Financial assistance is also sometimes provided through the Association of Dutch Municipalities.

This model could be used in the U.S. to help ensure that all public systems are well run. The other key elements are transparency and public involvement in determining priorities and ensuring accountability. Participatory budgeting, implemented in Porto Alegre and other municipalities in Brazil, serves as a model in this regard.

To read case studies of public-public partnerships and other initiatives to create efficient, democratic public systems from around the world, order *Reclaiming Public Water* published in January 2005 by Corporate Europe Observatory and Transnational Institute. Send a check for \$15 made out to Food & Water Watch and mail to: Food & Water Watch, 1400 16th St NW, Washington DC 20036. Mark the envelope "Reclaiming Public Water."

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## The Big 3 Water/Sewer Corporations Plus a Newcomer



### Veolia Environnement/Veolia Water North America

Veolia Environnement began as a spin-off from the giant French corporation Vivendi when its CEO nearly bankrupted the company by going on a Hollywood buying spree and needed cash to cover its debt. Vivendi moved into the U.S. market in 1999 by acquiring US Filter, the largest U.S. private water services company, for \$6.2 billion. After disappointing profits in developing countries, Veolia announced its goal of "Strategic refocusing on long-term contract business within the North American water operations." In 2003, Veolia claimed municipal contracts with 42 wastewater facilities and 26 water facilities in the U.S., accounting for \$380 million in revenues.

### Suez-Ondeo/United Water

Suez, formed in 1858 to build and operate the Suez Canal, today operates around the world with 91 million water customers and 49 million wastewater customers, using the trade name ONDEO for its water services. In 2001, Suez paid over \$1 billion to buy United Water, the second largest U.S. private water company. Its contract with the city of Atlanta ended in a debacle of poor service with the mayor terminating the contract. Suez then instructed its companies to reach profitability within three years by reducing its financial exposure in emerging countries and increasing its investments in the potentially more profitable markets in Europe and North America.



### RWE-Thames Water/American Water Works

RWE, a German multinational energy conglomerate, entered the international water business in 2001 by buying Thames Water in Britain and then buying most of ENRON's Azurix when Azurix went bankrupt. In January 2003, RWE bought American Water Works, the largest publicly held U.S.-based water utility with 16 million customers in 29 states and three Canadian provinces. With these acquisitions, RWE ranked just behind Suez and Veolia. Now that its energy business is heating up, RWE is looking to divest in its water business either by selling to private investors or through a public offering.



### Aqua America

Aqua America is becoming an important U.S. player as it expands into new markets from its origin as Philadelphia Suburban. With an aggressive acquisition strategy in place, it now claims to be "the nation's largest U.S.-based, publicly-traded water company, providing water and wastewater services to approximately 2.5 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York and South Carolina."

