

# A SUCCESSFUL DUTCH INITIATIVE ON GLOBAL SOLIDARITY

W-SMART CONFERENCE  
AMSTERDAM  
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GLOBAL WATER OPERATORS FROM THE NETHERLANDS



## DR. MARCO SCHOUTEN, CEO VEI BV

Now 47 years old.

After graduation in business economics, I was for 9 years an international management consultant and for another 7 years in academia.

In 2009, I was awarded my PhD. degree in Economics at the Erasmus University Rotterdam on the topic of privatization and strategic management of water providers

In 2010, I joined VEI of which I became CEO in 2014.

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# KEY MESSAGES



**SDG#6**



**VEI**



**Water Operator Partnerships**

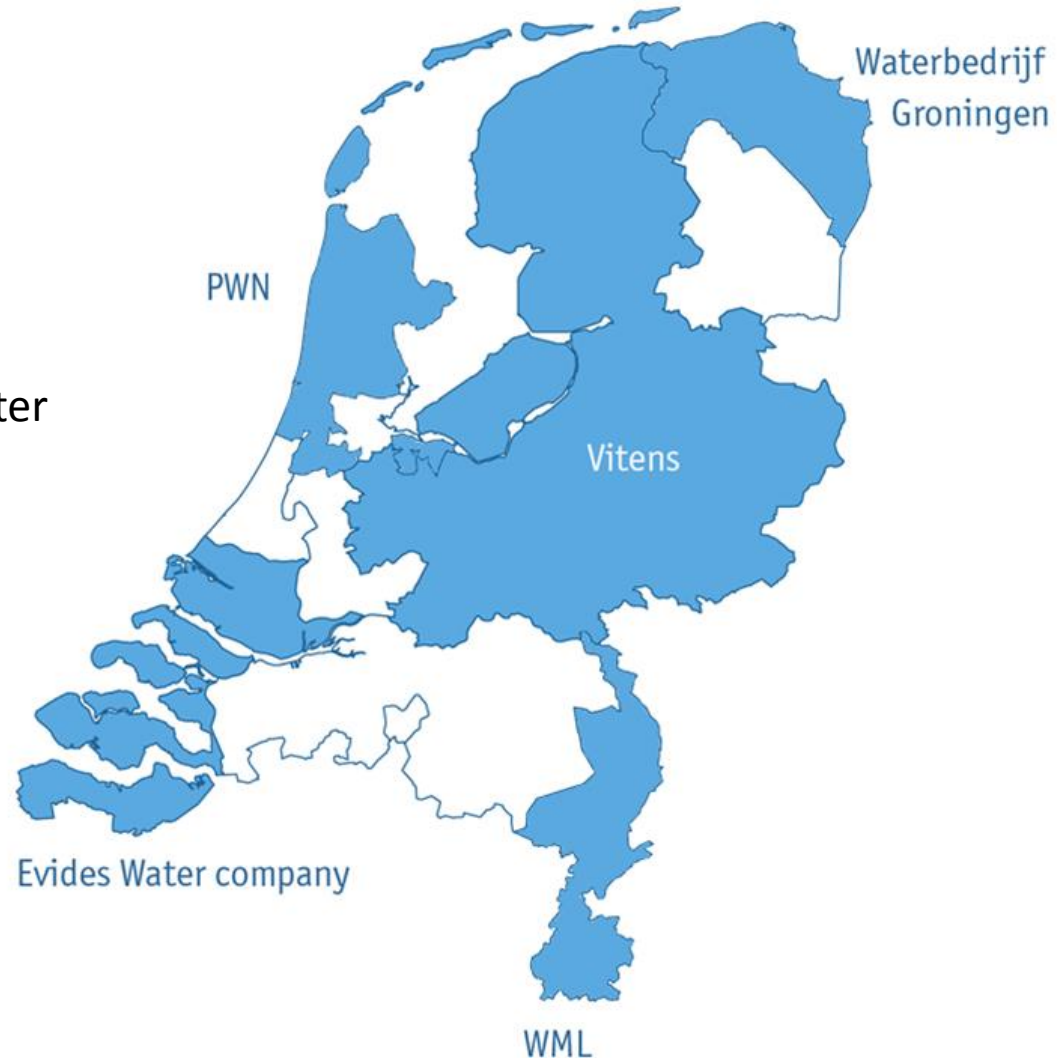


**Solidarity**



# VEI

- Erected 11 years ago by Dutch drinking water companies
- Corporate Social Responsibility vehicle under private law
- investing 0.05% of turnover (Dutch Water Law) + customer fund
- Aimed at effectively and efficiently unlocking our strengths :
  - Operational excellence
  - Green excellence



THE MISSION OF VEI:  
CONTRIBUTE TO ACHIEVE SDG#6'  
STRENGTHEN THE REPUTATION OF THE DUTCH UTILITIES

## TURNOVER

2013 €  
€ 13,510,000

2014 €  
€ 16,299,000

2015 €  
€ 21,388,000



137,473

PEOPLE GAINED ACCESS  
TO WATER/SANITATION IN 2015

↓  
5.9 MILLION OWN  
INVESTMENT  
DUTCH WATER  
UTILITIES

37

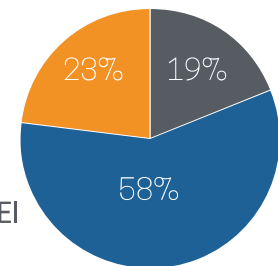
Long term  
Partnerships with peer  
water operators

20

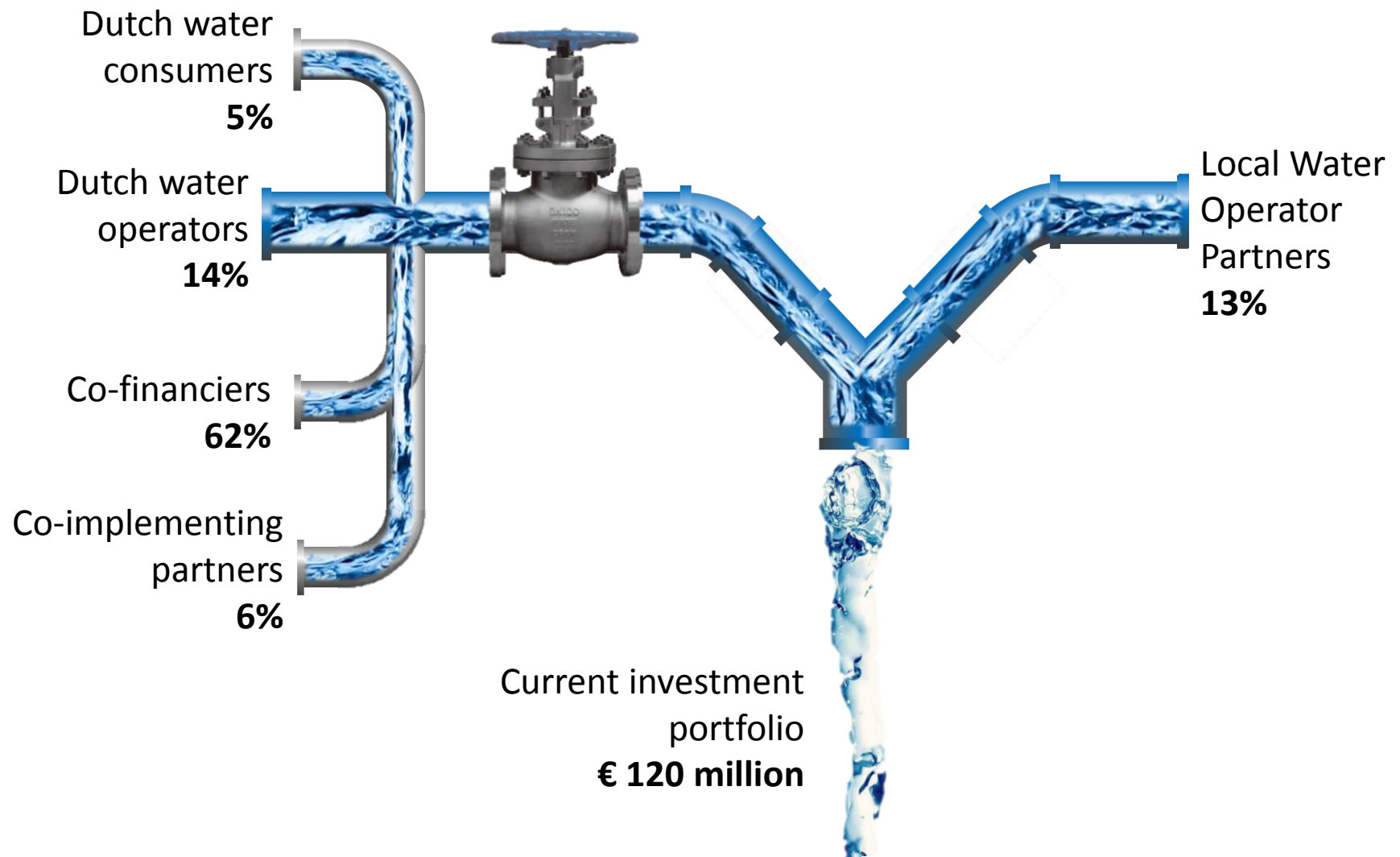
countries

Water operator partners  
Dutch water utilities through VEI  
Donors

LEVERAGE VEI 2015:



# HOW VEI WORKS: INVESTING IN SUSTAINABLE IMPACT

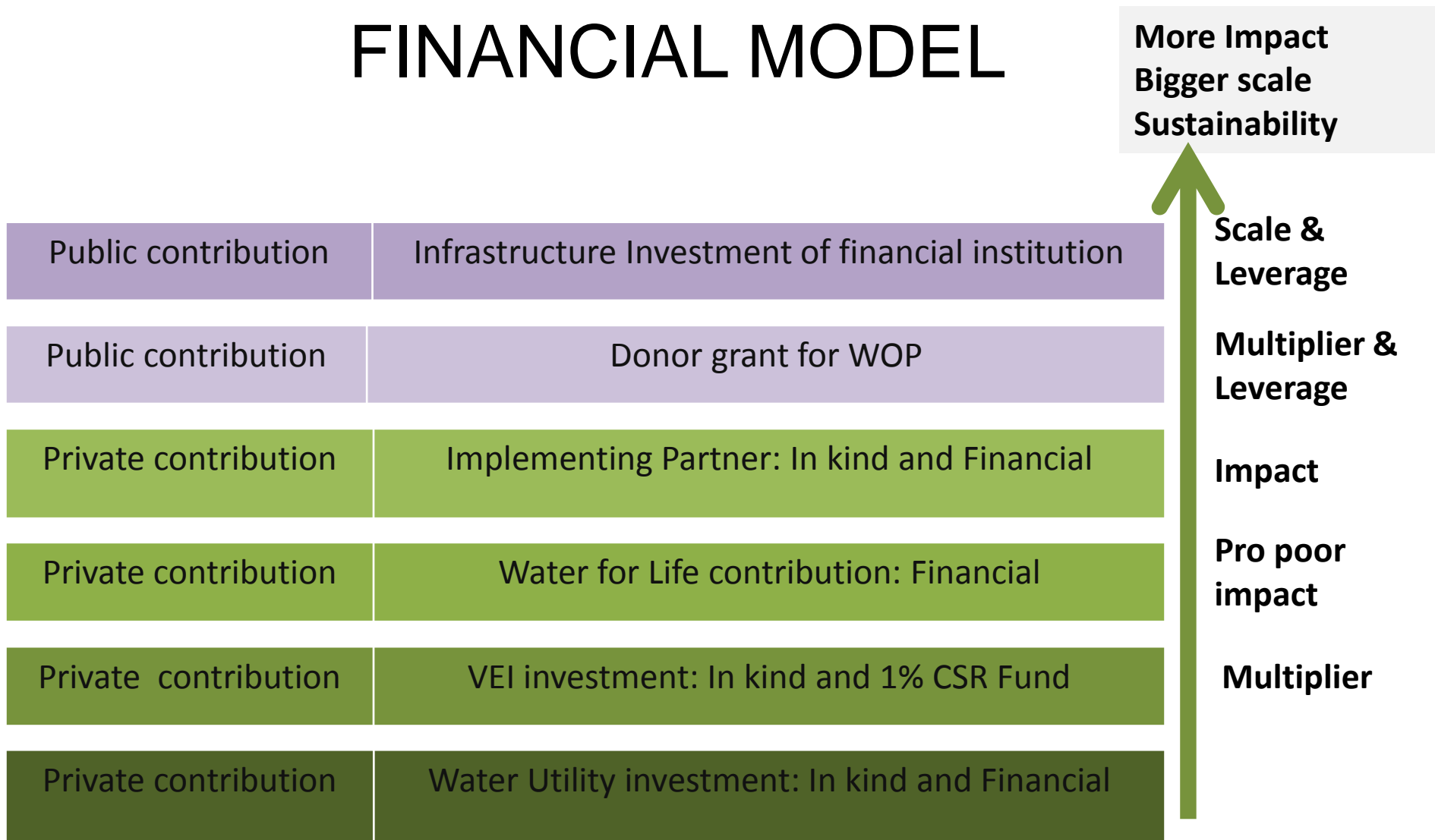


# WHAT VEI STRIVES FOR: SUSTAINABLE IMPACT

- Attributing to Sustainable Development Goals 6, 11 and 13
- Sustainable long-term peer-to-peer Partnerships instead of hit-and-run projects
- Combining Technical Assistance with Infrastructure investments
- Blue collar interventions in operations



# WATER OPERATOR PARTNERSHIP FINANCIAL MODEL







# RELEVANCY OF SDG#6

## **Sustainable management**

Not only providing giving access but moreover sustained management

## **‘Leave no one behind’**

Universal coverage also the very difficult areas to reach

## **‘From billions to trillions’**

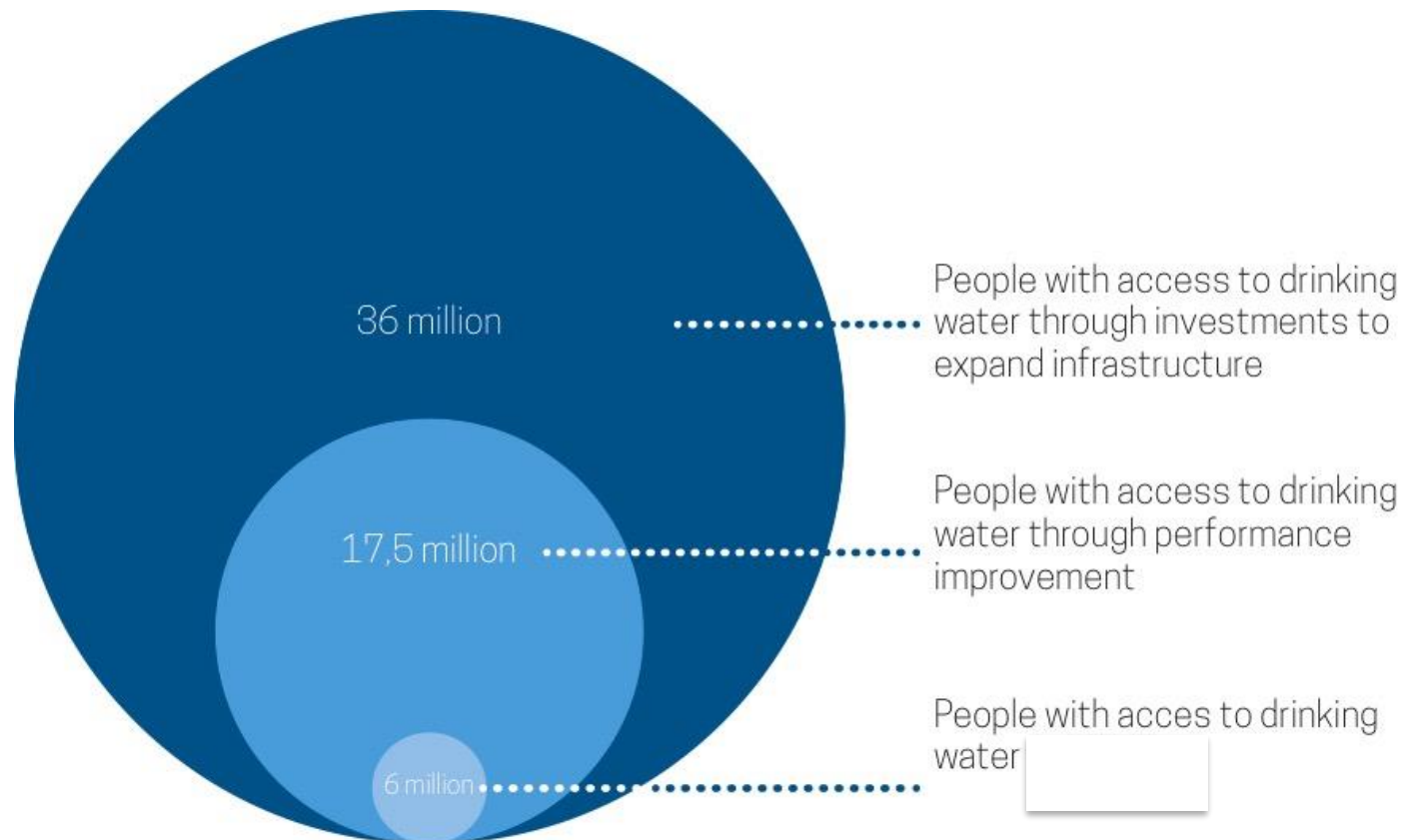
Use the billions of dollars generated in ODA to unleash trillions in private, public, international and domestic finance to finance SDG#6

## **Mitigation and Adaptation**

Climate change are a risk. operators have to deal with by climate resilient infrastructure investments

# VEI AMBITION 2030

CONTRIBUTING IN 3 WAYS TO ACCESS TO SAFE DRINKING WATER IN OUR 37 LONG TERM URBAN WATER OPERATOR PARTNERS.



# OTHER OPERATOR- TO-OPERATOR SUPPORTERS

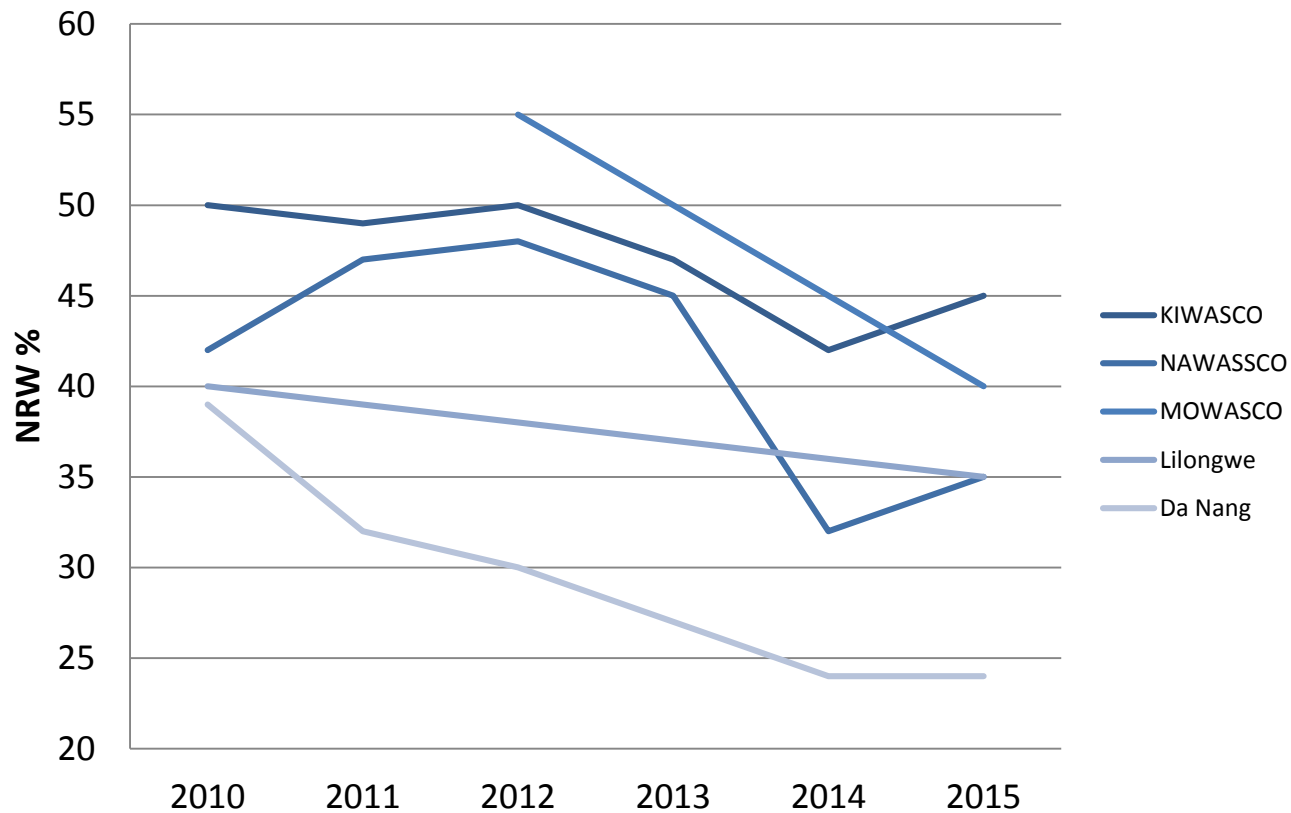
## EXAMPLES OTHER MENTORS

- Eau de Paris, France
  - Canal de Isabele, Spain
  - Hamburg water, Germany
  - Danish utilities, Danmark
  - Manila water, Philipines
  - Dutch utilities, Holland
- Etc.

## SPEAKING FOR VEI: CHARACTERISTICS:

- Not for profit – even acting as donor
- Long term partnership
- Partnership evolving to network
- On the spot assistance and presence
- Replication of proven solutions
- Attracting investments
- Partnerships and working relations with governments, donors and investors

# IMPACT OPERATOR TO OPERATOR NON REVENUE WATER REDUCTION DATA





# OPERATOR TO OPERATOR PARTNERSHIP LILONGWE, WATER BOARD, MALAWI

## **Performance improvement**

- 2009 NRW: somewhere around 40%
- now: 35%
- 2019 NRW target: 25%

## **Operator to operator activities**

- NRW reduction plan and small investments
- Management support and staff training
- Technical support and construction supervision
- Low income area services

## **Finance and leverage**

so far- 2 phases:

- phase 1: EU/EIB tender won for TA at LWB from 2009 to 2015  
(EU grant, EIB soft loan and VEI cofinancing)
- phase 2: Performance Based Contract direct between LWB and VEI from 2015-2020, indirectly  
financed through loan with EIB.  
(EIB soft loan and VEI cofinancing)

# OPERATOR TO OPERATOR PARTNERSHIP DA NANG, VIETNAM

## **Performance improvement**

- NRW: from 39% to 24%
- Efficiency: \$ 595K cost reduction a year

## **Operator to operator activities**

- Develop NRW reduction programme
- Investments and asset management
- Technical support and construction supervision
- Organisational structure and staff training
- Standardisation of operational process (SOP, Leakage registration etc)

## **Finance and leverage**

- Water operator investments

Asian Development Bank, Da Nang utility and VEI co-finance performance improvement and investments

# OPERATOR TO OPERATOR PARTNERSHIP MOWASCO, MOMBASA, KENYA

## **Performance improvement**

- 2014 NRW: somewhere between 50 and 70%
- Now: 45%

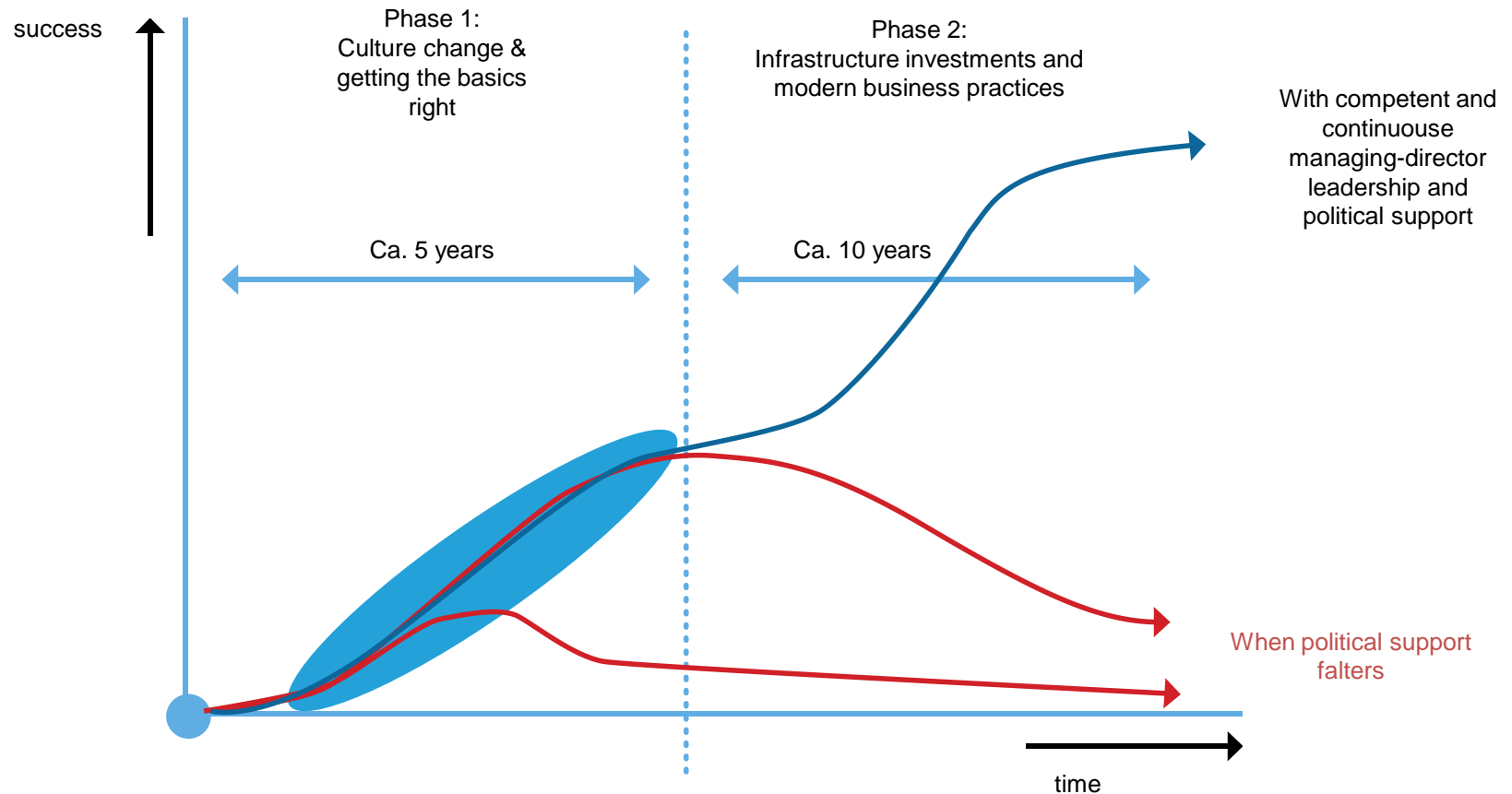
## **Operator to operator activities**

- NRW reduction plan
- District Metering Area System (DMA)
- Technical support and construction supervision
- Management support and staff training

## **Finance and leverage**

- MoA between World Bank, Government of Kenya, Mombasa County, Netherlands' Ministry of Foreign Affairs and Vitens Evides International)
- Dutch finance the NRW reduction plan and DMA pilots
- World Bank finance Mombasa County (\$ 20 million) for network investments and management turnaround

# RELATED TO THE RISK OF POLITICAL SUPPORT AND LEADERSHIP



(REVIEW OF SUCCESS STORIES IN URBAN WATER UTILITY REFORM, SECO, 2016)



# APPROACH FOR SUCCESS AND RISK MITIGATION

## PEOPLE

Appropriate leadership and staff to govern the water operator autonomously



# 1

## TECHNICAL

Efficient operations and appropriate tariffs result in financial sustainability (operation ratio > 120%)



# 2

## ENABLING ENVIRONMENT

Political support and regulations for autonomous governance. Appropriate investment finance

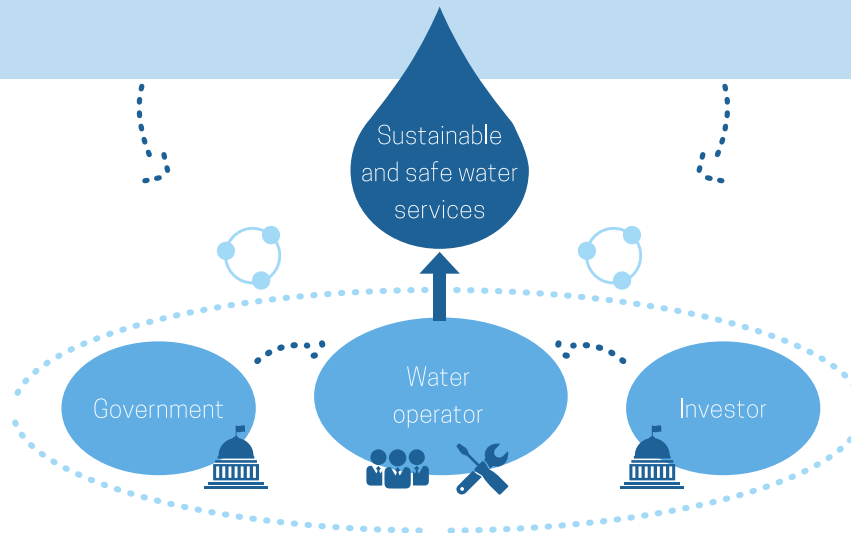


# 3



## SUSTAINABILITY

Political support and investments trigger, multiply and sustain the leadership, operational efficiency and financial sustainability of the water operator



THE THREE LEGGED STOOL FOR SUCCESS AND RISK MITIGATION

# COMPLEMENTARY ROLES TO IMPROVE PERFORMANCE



Value of Operator to Operator:

- Long term partnership
- Expert inside the water operator



LET'S WORK TOGETHER FOR  
SUSTAINABLE WATER SERVICES