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## Water companies in Europe 2010

By

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## 1. Overview: concentration and remunicipalisation

There are four important features of the private water sector in Europe in 2010:

- The ownership of private water companies in Europe in 2010 has become even more concentrated than before. It is now more than ever overwhelmingly dominated by Suez and Veolia.
- Both Suez and Veolia, and other smaller companies such as SAUR and FCC, are increasingly dependent on state capital, both from the government of France and from international development banks, including the EBRD and the IFC
- In 2010 there have also been some significant reversals of privatisation, notably in the city of Paris and in Pecs (Hungary)
- There is continued strong public resistance to water privatisation, notably in Italy (see Annexe)

## 2. Takeovers and mergers

### 2.1. United Utilities sells international operations to Veolia

In May 2010 United Utilities, the last UK water company still active in Europe, sold its remaining stakes in the water companies in Sofia, Tallinn and Bielsko-Biala (Poland), to Veolia. This completed the withdrawal of United Utilities from international activity, which had already sold its shares in Manila Water and other overseas ventures.

### 2.2. Biwater sells all water operations to Sembcorp

Biwater, which had a significant set of activities internationally outside Europe, has sold its entire water operations division, Cascal, to a Singapore-based company Sembcorp. This includes the small UK water company Bournemouth Water, and also Biwater's operating contracts in other countries – none of which were in Europe, however. Biwater will continue to bid for engineering contracts including BOTs, but no longer operates any water services.

### 2.3. Suez buys majority control of AgBar

Under an agreement in October 2009, Suez Environnement will become the owner of 75% of the shares of AgBar, with the remaining shares held by the bank Criteria. This will give Suez Environnement full control of AgBar. AgBar will no longer be listed on the stock exchange. At the same time, AgBar will sell its shares in Adeslas, and so will no longer operate in the health sector.

In 2008 Suez bought the shares in Aguas de Valencia (Spain) which had been held by SAUR for a long time. The purpose of this purchase was to prevent Veolia from acquiring the Spanish company.

### 2.4. Other companies

Two companies have expanded internationally in the last year. Gelsenwasser bought a small French water company, and Energie AG bought more water companies in the Czech republic and Slovenia.

The other groups with private water operations have a smaller, regional or national, presence. RWE, Berlinwasser and EVN operate in Germany or Austria and central Europe (and the major business of the first two of these is closely tied to Veolia and/or Suez). Sacyr Vallehermoso operates in Spain and Portugal. Acea operates almost entirely in Italy, and ACS/Dragados in Spain.

Sembcorp is the only new entrant from outside Europe. It has, in effect, bought one small UK water company. Its other European subsidiary, in utilities services for private companies, is also in the UK, so Sembcorp does not operate in more than one EU country at present.

There has been no growth in private equity investors taking over private water companies, even within the UK, where a number of water companies are still owned by private equity firms or financial consortia.

## 2.5. Eligibility for European Works Councils (EWCs)

There are 7 companies eligible for EWCs on the basis of their operations in the water sector alone. The tables show the current eligibility, based on minimum requirements of employing at least 1000 workers in EU member states, with at least 150 employees in at least 2 EU countries.

They also show a core group of countries where water privatisation exists to a significant extent: Czech Republic, France, Hungary, Spain, and the UK; and another group where there is a small or very small presence: Germany, Italy, Poland, Portugal, Romania, Slovakia. Elsewhere in the EU there is little prospect of any further growth in privatisation.

Other companies are eligible for an EWC on account of their other activities. These include RWE; EVN; ACS.

**Table 1. Multinationals eligible for EWCs: water companies in > 2 countries**

Group	EWC eligible	EWC exists?	Home	Countries (water operations)
FCC/Aqualia	Yes	No	ES	Spain, Czech republic, Italy, Portugal
Sacyr Vallehermosa/Valoriza	Yes	No	ES	Spain, Portugal
Veolia	Yes	Yes	FR	Bulgaria, Czech Republic, Estonia, France, Germany, Hungary, Italy, Romania, Slovakia, UK
Suez*	Yes	Yes (GdF-Suez)	FR	Czech Republic, France, Germany, Hungary, Italy, Romania, Slovakia, Spain, UK
SAUR/Séché	Yes	No	FR	France, Poland
Gelsenwasser	Yes	No	DE	France, Germany, Hungary, Poland
Energie AG	Yes	No	AT	Austria, Czech republic, Slovenia

- Suez Environnement including Aguas de Barcelona, ultimately controlled by GdF-Suez

### 3. Some issues and themes

#### 3.1. Re-municipalisation and public ownership

The great majority of European water operators remain in public ownership. There have been no major privatisations of water services in EU countries in the last 3 years. There have however been two important cases of remunicipalisation in 2010.

The city of Paris decided to re-municipalise its water services, for 8 million, from January 2010, after the two 25-year concessions which had been given to Suez and Veolia expired. However, later in 2010 Veolia retained its contract for the even larger Ile-de-France region around Paris, after the mayors of the local councils were persuaded not to vote for remunicipalisation, and Veolia then won the new contract, beating competition from Suez.

In Hungary, a court agreed that Pecs city council had acted legally in taking back control of the water service from Suez in 2009. The ambassadors of a number of EU countries had protested to the Hungarian government about the original decision by the city council.. Suez contract in Kaposvar was also remunicipalised when it expired in 2009. <sup>1</sup>

Some cities in eastern Europe and central Asia (EECA) countries have also terminated privatised contracts. These include : Tblisi, Georgia (Veolia); Almaty, Kaxakhstan(Veolia); Odessa and Kirovograd, Ukraine; Bukhara and Samarkand, Uzbekistan (Veolia).

#### 3.2. European Commission funding for public-public partnerships

In 2010 the EU earmarked €40 million of development money under the ACP-EU Water Facility to support water partnership projects between EU public water operators and public water operators in African, Caribbean and Pacific countries. The money is intended to support ‘public-public partnerships’ as a way of developing “capacity in the ACP water & sanitation sector, leading to better water and sanitation governance and management, and to the sustainable development and maintenance of infrastructure”. This funding is in response to continued strong pressure from campaigns for public water, arguing that such public-public partnerships are a more effective way of building capacity than privatisation. The initiative is promoted through a website [www.acp-eu-waterpartnerships.org](http://www.acp-eu-waterpartnerships.org)

#### 3.3. State, public sector banks, private water companies and a new eastern strategy

The public sector is helping the private water companies by providing finance, developing strategy, and even by state investment in shares.

##### 3.3.1. EBRD and IFC: public finance for private water companies

The European Bank for Reconstruction and Development (EBRD) is a public sector development bank set up to finance development in transition countries of central and eastern Europe and former Soviet Union. It lends money to companies in all sectors, including municipal infrastructure, which includes water. It finances water operations through loans to both public and private operators, but only makes equity investments in private water companies.

The EBRD agreed in 2009 to invest €80 million in shares in a joint venture with FCC’s Aqualia, called Aqualia New Europe. FCC/Aqualia will own 51%, the EBRD 49%. FCC commented that: “This project will increase Aqualia’s foothold in the Eastern and Central European water sector”. <sup>2</sup>

The EBRD has made similar equity investments in Veolia Voda, Veolia’s operating company in central and eastern Europe, since 2007. The cumulative value of these equity investments is now £175m. The World Bank’s private sector arm, the IFC, has also invested in Veolia Voda, as well as Veolia’s other international water operations. (see below).

The EBRD has also financed other private water companies' operations in central and eastern Europe. It financed the United Utilities commercial ventures in eastern Europe (now part of Veolia), including equity investments; it financed ventures by Suez, who negotiated a 'multi-project' loan, tied to Suez, in 1996. In addition, Veolia has benefitted from EBRD finance for its operations in energy services (Dalkia) and transport (Connex).

The table below shows that the cumulative total value of this financing has been €496 million, of which €272 million consists of equity stakes.

**Table 2. EBRD finance for private water, 1991-2009 € million**

	EBRD finance 1991-2009	Of which equity investments
FCC/Aqualia	80	80
Suez	42	0
United Utilities (now Veolia)	111	17
Veolia	263	175
<i>TOTAL</i>	<i>496</i>	<i>272</i>
<i>Veolia – non-water (Dalkia, Connex)</i>	<i>208</i>	<i>141</i>

Source: EBRD investments 1991-2009 <http://www.ebrd.com/downloads/research/annual/invest09.xls>

These EBRD equity investments in water represent an extraordinarily high percentage of all EBRD equity stakes in private companies in all sectors. Equity stakes in private water ventures account for 27% of all EBRD equity investments – despite the fact that the water sector is a much smaller part of the economy, and that the majority of it remains in the public sector. These figures suggest that the water companies have found very effective mechanisms for convincing the EBRD of their need for public finance.

**Table 3. EBRD equity investments 1991-2009: heavily weighted to water**

		€ million	% of total
TOTAL EBRD equity investments 1991-2009		10021	100.0
of which	All municipal infrastructure	426	42.5
of which	Water	272	27.2

Source: EBRD investments 1991-2009 <http://www.ebrd.com/downloads/research/annual/invest09.xls>

The International Finance Corporation (IFC) has also made substantial equity investments, in two different subsidiaries of Veolia. In June 2010 it announced it would acquire 9.5% of the shares of Veolia Voda through:

“an equity investment of up to €100 million via a new share issue in Veolia Voda, Veolia Water's Eastern European arm. The capital will be used to support the expansion of Veolia Voda's operations into new markets in Central and Eastern Europe, including Russia, Turkey, Ukraine, and the some of the Balkans.”<sup>3</sup>

IFC had previously invested \$25million as equity in Veolia AMI, the company's subsidiary aimed at Africa, Middle East and India.

### 3.3.2. Eastern strategy

The EBRD decisions to finance FCC and Veolia are a clear encouragement to the companies to expand eastwards. Other international institutions - the OECD and the UNECE - have also been actively promoting the possible markets for water privatisation in eastern Europe and central Asia (EECA - i.e. the former Soviet Union) for the last few years. An OECD conference at the start of 2010 received a detailed report both on the existing cases of privatisation and the potential for future private enterprise in each country (see annexe).

### 3.3.3. France: partial nationalisation of all water companies

The French government is following a general cross-party strategy to protect key companies from foreign control. An article in *Nouvel Observateur* in November 2006 outlined a political consensus on the use of CDC as an active investor maintaining French control of decision-making of large companies in key sectors, especially infrastructure: “constituer un capitalisme d'Etat militant pour la localisation " au pays " des centres de décision des grandes entreprises privées.... Les secteurs prioritaires sont les infrastructures, l'immobilier, la santé.”

This is now clearly being applied to all the major French water companies.

- In April 2007 SAUR was bought by a consortium led by the French state bank Caisse des dépôts et consignations (CDC), which holds 47%. This was done in order to prevent a foreign private equity takeover of the French operations: “The consortium's offer was chosen not only because it was the best, but also because it will allow the water distribution company to remain French-owned.”<sup>4</sup>
- In 2009 Suez was merged with the state-owned GdF. The result is that Suez Environnement, including all the water operations, is now 35.5% owned by GdF-Suez, the company formed by the merger of Suez' energy division with GdF. GdF is itself 35.7% owned by the French state. The impact of this is now even greater since Suez has become de facto owner of Aguas de Barcelona, with 75%.
- The same has not yet happened to Veolia's water and waste operations, but its energy division Dalkia is already a 50-50 venture with EdF, which is 85% state-owned; its transport division has been restructured into a similar 50-50 venture with a state-owned company; and it has created a new defence services section with the same 50-50 structure. In addition, 12% of the shares of Veolia itself are owned by the French government via CDC and EdF.

### 3.4. Cartels and collusion

Water and energy multinationals have been fined and/or investigated by the European Commission and national anti-competition authorities. These include possible attempts to cover up evidence of wrong-doing. (see Annexe)

In April 2010 the EC raided the premises of all three major French water and waste companies because of suspicion of cartels in these sectors in France and elsewhere: “A spokesman for the Saur Group said the issues concerned by the probe were "Poland, Montauban and Versailles, and the SEDIF". In July 2010 the EC opened a prosecution against Suez Environnement for 'breaking seals' fixed during the raids, which could have been done to try and cover up evidence.

France itself has fined the companies in the past for anti-competitive practices in these sectors. In 2009 Suez and Veolia had to withdraw from 12 joint ventures in which they had equal shares. The French competition authority found that in cities run by these joint ventures, calls for tenders did not abide by applicable rules and that there was "collective abuse of dominant position".

Similar problems occur with the energy multinationals. E.on was fined €38 million for the same offence in January 2008 (although this decision is currently on appeal). In 2009 Both GdF-Suez and E.on were fined €553million each for an agreement not to compete in gas supplies in each others countries.<sup>5</sup>

### 3.5. UK water companies

Since the sale in 2010 by Biwater and United Utilities of their international operations, none of the UK water companies have any international contracts to run water or sewerage services.

The privatized water companies in England and Wales themselves are now owned by a range of different types of owners, with private equity and infrastructure funds being the most dominant. Recent changes of ownership include:

- The takeover of Yorkshire Water by a private equity consortium, made up of Citi Infrastructure Investors, GIC, Infracapital Partners.
- the takeover of Bournemouth Water by Sempcorp, as part of their purchase of Cascal.

- The merger of the two small companies South East Water and Mid Kent Water, both already owned by the same PE investors

Four of the 10 large water and sewerage companies – Anglian, Southern, Thames and Yorkshire - are already owned by private equity or financial groups. Four large companies are still part of groups quoted on the London stock exchange – Northumbrian, Severn Trent, South West, and United Utilities. Of these, Northumbrian is 45% owned by three financial investors; and Pennon Group, owners of South-West Water, is 46% owned by 6 major financial shareholders. Only one of the 10 large water and sewerage companies is now owned by a multinational group - Wessex, owned by the Malaysian company YTL. The remaining one is owned by a not for profit private company (Glas Cymru).

Of the smaller water only companies, three are still owned by Veolia, one is now owned by Suez/Agbar, one by a Cheung Kong (a Hong Kong group which is now also buying London electricity from EDF), one by the Singapore group Sembcorp, and the rest are owned by private equity.

Although it tried, unsuccessfully, to sell its English water companies, Veolia is now expanding its business as a contractor providing support and operations services to the main water companies. It bought the contracting section of United Utilities at the same time as buying the international division. The scope for this work is greater because the remaining public sector operator in Britain, Scottish Water, is being pressured to subcontract more work.

The effect of these changes in ownership, and the withdrawal of the UK companies themselves from international activity, means that only the four smaller companies owned by Veolia and Suez are covered by EWCs. Three or four others may be covered if EWCs can be demanded for the private equity groups which own them.

**Table 4. England and Wales: Water Company ownership, September 2010**

(Type of owner: SEC = stock exchange quoted (UK); M = multinational; PE=private equity; NPC=not-for-profit company; P= privately owned company)

Company	Owner	Country	Type of owner	Comments
Anglian Water	Osprey/AWG	UK	PE	Consortium of 3 PE funds, inc. 3i
Northumbrian Water	Northumbrian Water Group	UK	SEC	27% owned by Ontario Teachers Pensions, 15% by fund managers Amvescap,
Severn Trent Water	Severn Trent	UK	SEC	
Southern Water	Greensands	UK	PE	IIF 28%, Challenger 23%, UBS 16%
South West Water	Pennon Group	UK	SEC	Pennon is 30% owned by 5 financial investors
Thames Water	Macquarie	Australia	PE	Owned via Kemble Water
United Utilities Water	United Utilities	UK	SEC	
Welsh Water/Dwr Cymru	Glas Cymru	UK	NPC	Not for profit private company
Wessex Water	YTL	Malaysia	M	Malaysian power company
Yorkshire Water	Saltaire Water	UK	PE	Private equity consortium: Citi, GIC, Infracapital
Bournemouth and West Hampshire Water	Sembcorp	Singapore	M	Singapore based company <a href="http://www.sembcorp.com/">http://www.sembcorp.com/</a>
Bristol Water	Agbar/Suez	ES/FR	M	
Cambridge Water	Cheung Kong Infrastructure	Hong Kong	M	Hong Kong based multinational
Cholderton Water	Cholderton Estate	UK	P	Private family owned
Dee Valley	-	UK	SEC	35% of shares owned by Axa SA.
Folkestone and Dover	Veolia	FR	M	
Portsmouth Water	South Downs	UK	PE	15% owned by directors, 36% owned by



	Capital			SMIF/Land Securities
<b>South East Water</b>	UTA and HDF	Australia	PE	Utilities Trust of Australia, Hastings Diversified Utilities Fund
<b>South Staffordshire Water</b>	Alinda	USA	PE	Alinda Capital partners, a US PE firm
<b>Sutton &amp; East Surrey Water</b>	Aqueduct Capital	DE	PE	Canadian funds CDPQ 25%, AIM 17.5%, PSP 22%; plus Aqueduct Capital 25%, GBP 10%
<b>Tendring Hundred</b>	Veolia	FR	M	
<b>Three Valleys</b>	Veolia	FR	M	

### 3.6. Management and BOT contracts

Nearly all the internationally active water companies share a common strategy – both in Europe and in developing countries - of avoiding concessions or leases which would involve investment and long-term commitments, while preferring to seek short-term management or advisory contracts, and treatment plants on a BOT basis.

Management contracts are most common in developing and transition countries, including accession and neighbourhood countries. These contracts are invariably short-term in nature – between 2 and 5 years – do not involve investment, and do not normally lead to longer-term concession contracts. Moreover, they do not normally involve the transfer of employees to the multinational. The eligibility of the workers concerned for EWCs is therefore uncertain, although management contracts do normally mean that the multinational has significant influence on employment levels and working conditions – indeed, this is often the main purpose of such contracts. Because of the short-term nature of the contracts, organizing representation on the multinational's EWC could be of equally short-term benefit. The status and representation of employees on these contracts could perhaps be the subject of a general agreement on the EWC.

BOT contracts for treatment plants are certainly long-term, usually 20-30 years, and involve direct employment by the multinational of the workers concerned. However, the numbers involved are usually small, only those workers necessary to maintain and operate the specific plant in question. If a BOT is the only presence in a country, then one BOT would never employ sufficient workers to justify the creation of an EWC. Organising the representation of such small groups on an existing EWC is possible, but again it may be worth considering a general agreement on the EWCs of Suez, Veolia, EVN and others concerning the representation of BOT employees in the EU.

## 4. Companies

### 4.1. Suez

Suez Environnement, consisting of the water and waste divisions of Suez, was spun off as a separate company in 2008. It is 35.5% owned by GdF-Suez, the company formed by the merger of Suez' energy division with GdF. GdF is itself 35.7% owned by the French state. In 2009 it had total sales of €12.3 billion: a total of 52% of these were earned in the water sector (33% in France, 19% internationally), and 48% from waste management. The return on capital employed was 9.0% for Water Europe; 5.6% for Waste Europe; and 7.9% for international.<sup>6</sup>

Suez' presence in Europe has changed little since 2006. It remains one of the two dominant companies in France, with a significant presence in Spain, through Aguas de Barcelona and its subsidiaries; in Germany, Czech republic, Hungary and Slovakia, through concessions established in the 1990s; in Italy, partly in partnership with Acea; and in the UK. In Hungary the city council of Pecs is terminating its contract, and the contract at Kaposvar has expired and been remunicipalised. However, Suez still sees the region is a potential growth market:

“the water sector in Central and Eastern Europe is characterized by lower consumption in certain countries and diffi culties in adjusting the rates; however, growth opportunities exist because these countries must comply with European environmental regulations and there is increasing use of private investment, particularly in Slovakia, Hungary and potentially in Poland.”<sup>7</sup>

Suez withdrew from much of its international activity from 2003 onwards. The international activity which remains seems to be profitable. For example the Jakarta contract, held by its 51% owned subsidiary PT PAM Lyonnaise Jaya (“Palyja“), which employs 1400 workers , and provides a service to 3 million inhabitants.. According to Suez, “Palyja contributed €73 million to the Group’s consolidated revenues in 2009”.

Suez has grown in the USA, where its water sales totalled €547m. in 2009, by buying Utility Service Group (USG) in 2008. In Mexico, it operates through Bal-Ondeo, a joint venture with the Mexican BAL Group, a mining company, with contracts in Mexico City and Cancun. In China, through Sino-French Holdings, it has obtained more contracts in 2008 and 2009.

#### 4.1.1. Aguas de Barcelona

Suez Environnement now owns 75% of the shares of AgBar, with the remaining shares held by the bank Criteria. This gives Suez full control of AgBar, and AgBar is no longer listed on the stock exchange. As part of the process it has sold all its shares in the healthcare company Adeslas.

Agbar is the largest water company in Spain, and remains active internationally. From 2003 it sought to withdraw from as many as possible of its Latin American contracts. It has exited from its contracts in Brazil, Uruguay and most of those in Argentina, and sold 49.9% of its major Chilean subsidiary, Aguas Andinas, to local investors through the stock exchange. Agbar also agreed the sale of its stake in the Cartagena contract in Colombia in 2005, but the sale was vetoed by the municipality.

It stated in 2007 that it had no intention of adding to its existing contracts, but in 2009 it still operates in Argentina (where it is still trying to exit the remaining holdings), Chile (where it has expanded through the purchase of Essal), Colombia, Cuba and Mexico, and is reportedly planning further investments in Brazil and Peru. It retains its stake in the Casablanca concession in Morocco. Since 2006 it has expanded into new water operations in the Algeria, China, South Korea and the UK. AgBar’s international activity in water is thus being restructured and refocused rather than abandoned.

The recent acquisitions and expansion include:

- In 2006, AgBar acquired 100% of the Bristol Water Group plc in the UK for €28.9 million.
- In 2007, AgBar moved into China, and acquired 49% of Jianguo Water Company Limited, and bought a further 22.5% for €49.8 million in 2008, which allowed the AgBar to control the Chinese company with a 71.5% stake.

- AgBar won a 5-year management contract in Oran, Algeria, in 2008
- In 2008 AgBar, through Aguas Andinas, bought the Chilean water company Essal for €108.5 million from Iberdrola. Aguas Andinas now has 43% of the market in Chile
- In 2009 AgBar agreed to buy a 50% stake in Taeyoung Environment in South Korea, a wastewater treatment plant specialist.
- AgBar is reported to be seeking new contracts in Latin America in 2009, where Brasil, Peru<sup>8</sup> and the Dominican Republic are its new targets: “Agbar is negotiating its future establishment in Brasil, Peru and the Dominican Republic, mostly through contracts that imply “knowledge selling”, a key-point for AgBar’s future growth and development, said Angel Simón, AgBar’s chief executive, in the Reuter’s Investment Forum on Latin America.” AgBar is also studying the possibility of building desalination plants in Chile.<sup>9</sup>

**Table 5. Suez Environnement: Employees by region in environment (waste & water) 2009**

	<b>2009</b>
<b>France</b>	32,398
<b>Rest of Europe</b>	21,295
<b>North America</b>	3,281
<b>Latin America</b>	269
<b>Africa-Middle East</b>	4,479
<b>Asia-Oceania</b>	4,173
<b>TOTAL</b>	65,895

Source: Suez Reference Document 2009 p. 160

**Table 6. Suez subsidiaries in water in Europe**

Country	Company	Ownership	Website	Employees	Contact
Czech Republic	Ostrava VaK	44.49%	www.ovak.cz	450	info@ovak.cz
Czech Republic	SPVS	82%	www.spvs.cz	200	Sumperska Provozni Vodohospodarska Spolecnost Tel: 583 317 238 spvs@spvs.cz
Czech Republic	VAK Brno	46%	www.bvk.cz	593	Tel: +420 543 321 117 Fax: +420 543 211 203 bvk@bvk.cz
Czech Republic	VaK Karlovy Vary	49.8%	www.vakv.cz	523	Studentská 328/64 360 07 Karlovy Vary Czech Republic Tel: +420 359 010 111 Fax: +420 353 332 211 vak@vakv.cz
Czech Republic	VAS Brno	33.35%	www.vastd.cz	1200	Soběšická 156 638 01 Brno Tel: 545 532 321
Czech Republic	VHS Benesov	100%	www.vhs-sro.cz	160	Ěrnoleská 1600 256 13 Benešov u Prahy Tel: 0301/723371 Fax: 0301/722472 info@vhs-sro.cz
France	Lyonnais des Eaux France	100%	www.lyonnaise-des-eaux.fr	8341	
Germany	Eurawasser	100%	www.eurawasser.de	500	EURAWASSER Aufbereitungs- und Entsorgungs GmbH Zimmerstr. 23 10969 Berlin Tel: 030 / 893 853 – 0 Fax: 030 / 893 853 – 99 info-berlin@eurawasser.de
Greece	Eyath	5.3%			Thessaloniki
Hungary	Budapest Water	12.5%		1511	

Country	Company	Ownership	Website	Employees	Contact
Italy	Acque SpA	5.4%	<a href="http://www.acque.net">www.acque.net</a>		Via Bellatalla, 1 56121 Ospedaletto PISA Tel: +39 050.843111 Fax: +39 050.843260
Italy	Acque Toscane	70%	<a href="http://www.acquetoscane.it">www.acquetoscane.it</a>		info@acquetoscane.it
Italy	Acquedotto del Fiora	40%	<a href="http://www.fiora.it">www.fiora.it</a>		via Mameli 10 Grosseto Tel: +39 0564.22.383 fiora@fiora.it
Italy	Nuove Acque	46%	<a href="http://www.nuoveacque.it">www.nuoveacque.it</a>	200	Arezzo
Italy	Publiacqua	40%	<a href="http://www.publiacqua.it">www.publiacqua.it</a>	635	Via Villamagna, 39 50126 Firenze Tel: +39 055 655 85 Tel: +39 055 65 58 671 presidente.cecchi@anconella.it
Slovakia	Trencianska spolocnost, TVS	51%	<a href="http://www.tvs.sk">www.tvs.sk</a>		ul. 1.mája 11 Trenčín 911 01 tvs@tvs.sk
Spain	Aguas de Barcelona	75%	<a href="http://www.agbar.es">www.agbar.es</a>	20360 (all sectors)	Paseo de San Joan 39-43 08009 Barcelona Spain Tel: +34 3 2 65 80 11 Fax: +34 3 2 65 11 36
Spain	Aguas de Valencia	33	<a href="http://www.aguasdevalencia.es">www.aguasdevalencia.es</a>		Gran Via Marques del Turia, 19 46005 Valencia Tel: (6) 386 06 00 Fax: 386 06 21
UK	Bristol Water	100%	<a href="http://www.bristolwater.co.uk">www.bristolwater.co.uk</a>	399	Bristol Water plc PO Box 218, Bridgwater Road, Bristol BS99 7AU

## 4.2. Veolia

**Table 7. Veolia sales revenue 2009**

	France	Germany	UK	Other Europe	USA	Oceania	Asia	Middle East	Rest of the world	Total
Water	4,751.2	1,371.8	640.0	1,637.9	690.5	255.8	1,162.0	857.5	1,189.2	<b>12,556</b>
Environmental Services	3,294.2	1,011.3	1,446.0	1,098.9	1,142.6	441.4	209.4	75.0	337.0	<b>9,0556</b>
Energy Services	3,435.9	57.9	342.4	2,633.5	261.9	42.2	67.7	62.5	174.6	<b>7,079</b>
Transportation	2,274.1	526.3	49.8	1,440.9	858.0	560.8	61.6	22.6	66.6	<b>5,861</b>
<b>Total Revenue</b>	<b>13,755</b>	<b>2,967</b>	<b>2,478</b>	<b>6,811</b>	<b>2,953</b>	<b>1,300</b>	<b>1,501</b>	<b>1,018</b>	<b>1,767</b>	<b>34,551</b>

Source: Veolia Operating and Financial review 2009 <http://www.finance.veolia.com/docs/Commentaires-sur-les-resultats-Comptes-consolides-au-31-12-09-en.pdf>

**Table 8. Veolia employees 2009**

By division	2009	2008	2007
Water	80,239	78,040	74,280
Environmental Services	80,693	95,399	84,994
Energy Services	44,748	44,370	46,387
Transportation	78,094	74,526	73,299
Proactiva	5,400	4,823	4,503
Other	1,826	807	609
<b>Consolidated employees*</b>	<b>291,000</b>	<b>297,965</b>	<b>284,072</b>

Source: Veolia Operating and Financial review 2009 <http://www.finance.veolia.com/docs/Commentaires-sur-les-resultats-Comptes-consolides-au-31-12-09-en.pdf>

Veolia has water, waste, heating and public transport operations. In 2009 it had total sales of \$34.9 billion, of which €12.6 billion, about one-third, was in water.

Veolia is restructuring the group, apart from water and waste, into a series of joint ventures with companies in which the French government is the sole or dominant shareholder.

- Veolia has agreed to merge its transport division with Transdev, a transport business owned by the CDC. The result is a new transport company which is 50% owned by Veolia and 50% by CDC. Veolia has also created a 50-50 transport joint venture in Asia with RATP, the public sector transport services company covering Paris.<sup>10</sup>
- Veolia has created a new joint venture for managing military bases, Defense Environnement Services. It is 50% owned by Veolia, and 50% by DCNS, a French company which manages naval bases, and which is owned by the French government.
- Dalkia, the energy services division of Veolia, is already a 50-50 joint venture with EDF, which is 85% owned by the French government.

The water and environmental services divisions remain wholly owned by Veolia, except for Proactiva, the subsidiary operating in Latin America, which is 50-50 owned by Veolia and the Spanish group FCC (which was itself partly owned by Veolia in the early 2000s). In January 2010 the majority owner of FCC, Esther Koplowitz, was re-appointed to the board of Veolia.<sup>11</sup>

Though Veolia lost its concession in Paris from January 2010, in June 2010 it retained its larger concession in Ile-de-France, known as SEDIF.

Its activities in Europe have increased significantly since it bought the European subsidiaries of United Utilities in Estonia, Bulgaria and Poland. It is also expected to expand further eastwards with the financial support of the EBRD (see above).

**Table 9. Veolia subsidiaries in water in Europe**

Country	Company	Owens %	Website	Employees	Contact
Bulgaria	Sofiiska Voda	75	<a href="http://www.sofiyskavoda.bg">www.sofiyskavoda.bg</a>	1000 (2003)	Tel: +359 2/ 974 44 13 Fax: 359 2/ 75 01 68
Czech Republic	1. JVS	50	<a href="http://www.1jvs.cz">www.1jvs.cz</a>	451	Severní 8/2264, 370 10 České Budějovice Tel.: +420 38 7761911 1.jvs@1jvs.cz
Czech Republic	Aqua Pribram	100	<a href="http://www.aqua-pb.cz">www.aqua-pb.cz</a>	150	
Czech Republic	PVK	100	<a href="http://www.pvk.cz">www.pvk.cz</a>	1846	Na Florenci 19, 110 00 Praha 1 Tel.: 221 095 111 info@pvk.cz
Czech Republic	SCVK	49.6	<a href="http://www.scvk.cz">www.scvk.cz</a>	2294	Přítkovská 1689, 415 50 Teplice Tel.: 840 111 111 E-mail: info@scvk.cz
Czech Republic	Středomoravská Vodárenská	50	<a href="http://www.smv.cz">www.smv.cz</a>	279	Tovární 41, 772 11 Olomouc Tel.: 585 536 111 smv@smv.cz
Czech Republic	Vodarna Plzen	49.2	<a href="http://www.vodarna.cz">www.vodarna.cz</a>	420	Malostranská 2, 317 68 Plzeň Tel. 377413111 Fax: 377240919 mail@vodarna.cz
Czech Republic	Vodarny Kladno-Melník (VKM)	71.5	<a href="http://www.vkm.cz">www.vkm.cz</a>		U vodojemu 3085 272 80 Kladno Tel: +420 312 812 115 Fax: +420 312 267 508 sekretariat@vkm.cz
Czech Republic	VOSS Sokolov	50	<a href="http://www.voss.cz">www.voss.cz</a>	189	Dimitrovova 1619, 356 44 Sokolov Tel.: 352 304 111 voss@voss.cz
Czech Republic	Prostejov				
Czech Republic	Slany				
Estonia	Tallinna Vesi	26.5	<a href="http://www.tallinnavesi.ee">www.tallinnavesi.ee</a>	322 (2006)	Ädala 10 Tallinn 10614 Tel: 6262 200 Fax: 262 300 <a href="mailto:tvesi@tvesi.ee">tvesi@tvesi.ee</a>
France	Generale des Eaux	100			
Germany	MIDEWA	25.1	<a href="http://www.midewa.de">www.midewa.de</a>		Bahnhofstr. 13 06217 Merseburg Tel: 03461 - 352 0 Fax: 03461 - 352 325 info@midewa.de
Germany	Stadtwerke Görlitz	74.9	<a href="http://www.stadtwerke-goerlitz.de">www.stadtwerke-goerlitz.de</a>	420	Demianiplatz 23 02826 Görlitz Tel: 0 35 81 / 33 50 00 info@stadtwerke-goerlitz.de
Germany	Berlinwasser	24.9	<a href="http://www.berlinwasser.de">www.berlinwasser.de</a>	6506	Neue Jüdenstr. 1 10179 Berlin Germany Tel: +49 (0)30 / 814 68-205 Fax: +49 (0)30

Country	Company	Owns %	Website	Employees	Contact
					/ 814 68-299 B.Woelki@berlinwasser.de
Hungary	FCSM Budapest	12.5	<a href="http://www.fcsmrt.hu">www.fcsmrt.hu</a>		Fovarosí Csatornazási Művek Reszvénytársaság (FCSM) Március 15. tér. 3. HU - 1056 Budapest V. Hungary ph.: +36.1.318 37 19 fax: +36.1.318 16 76 budapest@berlinwasser.net
Hungary	Szeged Waterworks	49	<a href="http://www.szegedivizmu.hu">www.szegedivizmu.hu</a>		
Italy	Acqualatina	22			
Italy	Genova Acque	20	<a href="http://www.amgaspa.it/servizi/genova/acque.html">www.amgaspa.it/servizi/genova/acque.html</a>		
Italy	SIBA	50			
Italy	Siciliacque	19		140	
Poland	Aqua	25	<a href="http://www.aqua.com.pl">www.aqua.com.pl</a>	640 (1999)	Tel: 82-80-200
Poland	PWiK Tarnowskie Gory	33.85			
Romania	Apa Nova Bucuresti	83.69			Strada Muzeul Zambaccian No. 34 Bucharest
Romania	Apa Nova Ploiesti	80	<a href="http://www.apanova-ploiesti.ro">www.apanova-ploiesti.ro</a>	380	
Slovakia	Banska Bystrica				
Slovakia	Poprad				
UK	Folkestone and Dover	100			
UK	Three Valleys Water	100	<a href="http://www.3valleys.co.uk">www.3valleys.co.uk</a>	1046	P.O. Box 48, Bishops Rise, Hatfield, Herts AL10 9HL Fax: 01707 277 188
UK	Tendring Hundred	100			

### 4.3. SAUR

SAUR is the third largest private water company in France, also has some international water operations, and also operates in the cleaning, funeral services sectors in France. In 2009 it had sales of €1,517 million, of which €1,211 was in the water and water engineering sectors, and employed 10,630 people, of which 6900 were employed in water services in France,

It was for many years owned by the construction company Bouygues (for a period EDF also held a significant stake). Bouygues then sold the majority of SAUR's operations to PAI Partners in a "leveraged acquisition", except for the African and Italian operations, which remain owned by Bouygues. In April 2007 PAI sold SAUR to Hime, a holding company owned by a consortium of the French state investment fund Caisse des dépôts et consignations (CDC), with 47%, the French waste management and waste transport specialist Seche Environnement (33 per cent) and infrastructure investment vehicle AXA IM (20 per cent). SAUR had been the subject of a bid by Macquarie, but France's Association of Mayors expressed serious reservations at the prospect of a foreign bank managing public sector concessions.<sup>12</sup> PAI made a very good profit from this sale: they paid Bouygues €1 billion in 2004, and sold SAUR to CDC for €2.3 billion.<sup>13</sup>

Séché Environnement ([www.groupe-seche.com](http://www.groupe-seche.com)) owns 33% of SAUR, and has an option to buy a further 18% before 2012. If Séché exercises this option, it will become the majority owner of SAUR. Séché states that its medium term strategy is to use SAUR as a basis for creating a new powerful environmental services group.

In France it has 5,700 water services contracts serving approximately 5.5 million consumers, and 6,900 employees.

The international division and the engineering division, Stereau, have a number of contracts for water and wastewater treatment plants, in Algeria, China, Cyprus, Italy, Morocco, Senegal, and the UK.

Saur International operates primarily in Poland and Spain. In Poland, SAUR owns 51% of SAUR-Neptun-Gdansk, the other 49% being owned by the city council. In Spain, SAUR owns 33% of Emalsa, the water company for Las Palmas in the Canary Islands, and also operates in other cities through Gestagua. It no longer owns any stake in Aguas de Valencia, which it sold to Suez in 2007.

Outside the EU, it has had a management contract with Armenian Water and Sewerage Company, covering the country outside the capital Yerevan. Discussions are taking place on a possible lease contract. In Argentina, SAUR held a 32% stake in OSM, the group which holds the water concession in Mendoza, Argentina: SAUR claimed compensation at ICSID, but in April 2007 announced that it was dropping the ICSID claim and abandoning the concession.<sup>14</sup> It sold its 50% stake in the Chinese company Fengxian by 2006.

**Table 10. SAUR subsidiaries in water in Europe**

Country	Company	Sector	% owned	Website	Employees	Address
France	SAUR	water	100	<a href="http://www.saur.fr">www.saur.fr</a> , <a href="http://www.groupe-seche.com">www.groupe-seche.com</a>	6100 (2004)	
	Stereau	Water engineering	100	<a href="http://www.stereau.fr">www.stereau.fr</a>	277 (2004)	36/38, route de la Princesse BP 10 - 78435 Louveciennes Cedex Tél. : 33 1 30 78 49 00 Fax. : 33 1 30 78 49 44
Spain	Emalsa, Gestagua, Idagua	Water	33	<a href="http://www.emalsa.es">www.emalsa.es</a>	347(2002)	Plaza de la Constitución, nº 2 35003 Las Palmas de Gran Canaria. Teléfono: 902.361.740 Fax: 928.454.130
Poland	SAUR-Neptun-Gdansk	Water	51	<a href="http://www.sng.com.pl">www.sng.com.pl</a>	610(2008)	ul. Walowa 46 80-858 Gdansk Tel: +48 58 301 30 91 Fax: +48 58 301 45 13 info@sng.com.pl

#### 4.4. FCC/Aqualia

FCC is a long-established Spanish construction, urban services, and cement group. For a few years it became de facto controlled by Veolia, but Veolia sold its shares in FCC in 2004. It is also active in other infrastructure operations, including roads and motorways and airports.( <http://www.fcc.es>)

The environmental services division includes waste management and water. About half of the environmental business was urban waste in Spain, about a quarter was water in Spain, and about 22% was international business in both sectors. It expanded by acquisition in 2006, with major purchases including Austrian waste company ASA, UK waste company WRG, and Czech water company SMVAK.

Aqualia is the water company in the environmental services division of FCC, and in 2009 had sales of just over €800million, out of the FCC group total of €12.7 billion.

FCC claims it is now the largest Spanish water operator, with 34% of the privatised water market. It employs over 7000 employees in over 830 cities and towns, worldwide. Its list of contracts includes Almería, Ávila, Badajoz, Jaén, Lleida, Oviedo, Puerto de la Cruz (Tenerife), Salamanca, Santander, Vigo. Aqualia also owns a stake (along with Valoriza/Sacyr Vallehermoso, see below) in the contract at Alcalá de Henares, near Madrid, which was the subject of massive protest and criticism when the privatisation took place in 2004.

Outside Spain, the largest operation is the Czech water company Severomoravské Vodovody a Kanalizace Ostrava (SmVaK), the third largest in the Czech Republic, serving 737,000 people. This was bought by FCC in 2006; it was originally privatised in the early 1990s, and has been previously owned by Anglian Water, Suez, and a Czech private equity company, Penta. SmVaK has expanded within the Czech republic by taking over services for more municipalities, but it does not have any subsidiaries or operating contracts outside the

Czech republic. It does sell bulk water to some Polish municipalities in the area adjacent to the border: this was part of the company's commercial response to a continued decline in water consumption.

In 2009 Aqualia set up a new subsidiary, Aqualia New Europe, as a joint venture between FCC and the EBRD, each owning 50% of the shares. It is aimed at expansion in central and eastern Europe, and the EBRD investments are listed as connected to Moldova, Ukraine, Hungary, Slovakia, Poland, Romania and Russia.<sup>15</sup>

Aqualia also operates in Italy (a concession in Caltanissetta, Sicilia); and in Portugal ( a waste management contract in Abrantes).

Aqualia also has contracts beyond Europe: in Algeria (2 desalination plants) China (wastewater treatment plant in Benhu, Anhui province), and Egypt – a new contract in 2010, for a large wastewater treatment plant in new Cairo.

The activities of FCC/Aqualia in Latin America are covered below, under Proactiva.

The list of contracts on Aqualia's own website includes:

- Abrantes (Portugal). Desde en 2007 y durante los próximos 25 años aqualia realiza la gestión de aguas residuales para 41.000 habitantes.
- Alcalá de Henares. Aguas de Alcalá presta servicio en la localidad madrileña, desde julio de 2004, a una población que supera los 200.000 habitantes.
- Almería. Gestión del ciclo integral del agua abasteciendo a más de 170.000 habitantes.
- Archipiélago Canario. Primer operador privado con más de 350.000 personas abastecidas en el conjunto de las islas.
- Argelia: Mostaganem y Cap Djinet. Construcción y explotación de dos desaladoras, con una capacidad de 200.000 m<sup>3</sup>/día y 100.000 m<sup>3</sup>/día respectivamente, por un periodo de 25 años, con las que dará servicio a más de 1.500.000 de habitantes.
- Ávila. Gestión del ciclo integral del agua desde el año 1988 para abastecer a una población de casi 50.000 habitantes. Contrato suscrito con el ayuntamiento para actuaciones hasta el 2015 con una inversión de 2 M de €.
- Badajoz. Construcción y explotación de infraestructuras para la gestión integral del agua durante 40 años.
- Benhu (provincia de Anhui, China). Depuración de aguas residuales durante 25 años, en un territorio de 2.000.000 de habitantes
- Italia: Caltanissetta (Sicilia). Gestión del ciclo integral del agua en 22 poblaciones para atender a 280.000 habitantes.
- Jaén. Gestión del ciclo integral del agua desde 1997.
- Lleida. Gestión del ciclo integral del agua atendiendo a más de 130.000 habitantes.
- Madrid. Tratamiento de las aguas residuales de 1.500.000 habitantes.
- Méjico: Queretaro. Ejecución del proyecto Acueducto II para dotar de agua potable a 700.000 habitantes.
- Oviedo. Gestión del ciclo integral del agua desde 1996 durante 50 años para atender a más de 210.000 habitantes.
- Puerto de la Cruz (Tenerife). Gestión del Ciclo Integral del Agua. En total, aqualia abastece en las islas a una población superior a los 140.000 habitantes.
- República Checa. SmVaK, filial de aqualia en La República Checa presta servicio a más de 1.100.000 personas y es el principal operador de Moravia y Silesia.
- Santander. aqualia gestiona el ciclo integral del agua en Santander desde el 1 de abril de 2006, prestando servicio a una población de 183.955 habitantes.
- Salamanca. Abastecimiento, alcantarillado y depuración para atender a más de 200.000 habitantes.
- Vigo. aqualia gestiona el ciclo integral del agua en Vigo desde 1991. Cuenta con una red de distribución de 1.027 Km. y abastece a más de 300.000 habitantes.

**Table 11. FCC Subsidiaries in water in Europe**



Country	Company	Sector	% owned	Website	Employees	Address
Spain	Aqualia	Water	100	<a href="http://www.aqualia.es">www.aqualia.es</a>	Centre area: 1193 employees; Northern area: 1191 employees; Southern area: 1274 employees; Eastern area: 751 employees (all 2005)	Ulises, 18 28043 – Madrid
Czech republic	SMVK	Water	100	<a href="http://www.smvak.cz/">http://www.smvak.cz/</a>	915 (2008)	Severomoravské vodovody a kanalizace Ostrava a.s. <a href="http://www.smvak.cz">www.smvak.cz</a>
Italy	Caltanissetta Water		51			Caltanissetta
Portugal	La Lezíria del Tajo	water				La Lezíria del Tajo.

#### 4.4.1. Proactiva (50-50 Veolia and FCC)

In Latin America, FCC operates in water and waste through Proactiva, a 50-50 joint venture with Veolia, which had sales of £202m. and 5,400 employees in 2009.

The main contract is now in Ecuador, where Proactiva bought Interagua, which holds the water concession in Guayaquil, from the Bechtel/Edison consortium in 2008. The company was denounced by residents in February 2010 for failure to maintain the network, resulting in the collapse of sewers and large-scale flooding. A new extension to the sewerage network was commissioned by the public authority “completely financed with the proceeds of a fine imposed on Interagua for failure to meet contractual obligations” The ministry of housing has recommended that all the water concessions in the country should be drastically renegotiated or terminated by the end of 2010, including that of Interagua where the ministry “found “distortions” in the rate calculations made by Interagua which produced excessive charges especially in low-income areas”<sup>16</sup>

The status of other contracts in Latin America is unclear, The group has held contracts in Mexico (the concession at Aguascalientes, a contract at Puebla, and a 5-year commercial services management contract in part of the Mexico City Federal District); Brazil (Paraná); Colombia (Tunja and Monteria); and Venezuela (Caracas - management of water supply for the northwest sector of the city). Proactiva has lost other contracts: the former contract in Argentina (Catamarca) ended in 2006, The water treatment BOT concession in Tibitoc, Colombia, is being renegotiated at the insistence of the Colombian national water authority. FCC and Veolia plan to use Proactiva to bid jointly for BOT contracts in future.<sup>17</sup>

#### 4.5. Sacyr Vallehermoso/Valoriza/AGS

Sacyr Vallehermoso (SYV) is a Spanish construction, infrastructure and property group, with sales of €5.9 billion and 18,557 employees in 2009. It is a major operator of motorway concessions in Spain, and also holds similar concessions in Chile and Brazil. It has encountered financial problems since the recession, and has sold its stakes in the French construction group Eiffage and the Spanish oil group Repsol.

Valoriza is the services group of SYV. SYV wants to sell Valoriza, to reduce its debts, but has not found a buyer.<sup>18</sup> It represents only about 16% of SYV’s business, with €926m. sales in 2009, 27% of which was in water, out of €5.9 billion for the group as a whole. Valoriza acquired a 33% stake in Emalsa, the water company of the Canary Islands, in 2005 (SAUR owns another 33%); it has a stake in Emmasa, the water company of Tenerife; and in Alcala de Henares, a controversially privatized water company in the Madrid region.

It also operates in Portugal and Brazil, through Administración y Gestión de Sistemas de Salubridade (AGS), which claims to hold 40% of the private water market in Portugal, and also operates in Brazil.

Valoriza also operates in waste management in Spain (through Sufi), with contracts in Toledo, Cadiz, Lerida and Madrid. Its other service activities include maintenance contracts for Princesa Hospital in Madrid, Málaga University and more than 90 metro stations in Madrid.

Despite its debt problems and the sale of its shares in other companies, SYV has expanded into social care. It has formed a joint venture, Valoriza Servicios Socio Sanitarios, with the Spanish state-owned holding company, SEPI (SYV owns 52%), and Valoriza won 4 contracts to provide home help in Leon and care assistance in Madrid.<sup>19</sup>

Website	Address	EWC eligibility
<a href="http://www.gruposyv.com">http://www.gruposyv.com</a>	Tel.: +34 902 19 63 60 accionistas@gruposyv.com	W; P

**Table 12. Sacyr Vallehermoso/Valoriza subsidiaries in water in Europe**

Country	Company	Sector	% owned	Website	Employees	Address
Spain	Emalsa	Water	33	<a href="http://www.emalsa.es">www.emalsa.es</a>	347 (2002)	Plaza de la Constitución, nº 2 35003 Las Palmas de Gran Canaria. Teléfono: 902.361.740 Fax: 928.454.130
Spain	Emmasa	Water	95	<a href="http://www.emmasa.es">www.emmasa.es</a>	211 (2006)	Domicilio: Comodoro Rolín, 4-A 38007 Sta. Cruz de Tenerife Tfno.: 922 60 64 00 Fax Dirección: 922 60 67 78 Fax Secretaría: 922 60 63 95
Spain	Alcala de Henares	Water	25	<a href="http://www.aguasdealcala.es/">http://www.aguasdealcala.es/</a>		Vía Complutense, 23 28807 - Alcalá de Henares
Portugal	AGS	Water	100	<a href="http://www.ags.pt/pt/ags.htm">http://www.ags.pt/pt/ags.htm</a>	1350	AGS - Administração e Gestão de Sistemas de Salubridade, S.A. SintraCascais Escritórios Rua da Tapada da Quinta de Cima, Linhó 2714-555 Sintra Portugal Tel.: +351 219 104 563 Fax: +351 219 104 016 Email: ags@ags.pt

**Table 13. Water Contracts of Valoriza**

	Company	Location	% owned	Ends	Customers
ES	Guadalajara	Guadalajara	60%	2035	85,000
ES	Emalsa	Las Palmas, Santa Brígida	33%	2043	162,200
ES	Emmasa	Santa Cruz de Tenerife	95%	2031	70,200
ES	Aguas De Alcalá	Alcalá de Henares	25%	2029	45,500
PT	Aguas de Covhilla	Covhilla	49%	2033	55,000
PT	Aguas De Cascais	Cascais	43%	2025	107,000
PT	Aguas De Gondomar	Gondomar	43%	2026	74,200
PT	Aguas Do Sado	Setubal	40%	2022	61,300
PT	Aguas Da Figueira	Figueira da Foz	40%	2034	38,200
PT	Tratave	Guimaraes, Santo Tirso, Vila Nova	40%	2026	300
PT	Aguas De Barcelos	Barcelos	75%	2034	40,000
PT	Aguas De Alenquer	Alenquer	40%	2033	22,200
PT	Taviraverde	Tavira	32%	2026	27,000
PT	Ags Pazos Da Ferreira	Pazos da Ferreira	90%	2034	7,100
PT	Fagar	Faro	33%	2040	32,000
PT	Aguas Do Marco	Marco do Canaveses	51%	2039	24,500
PT	Aguas De Carraceda	Carraceda	75%	2031	5,200
PT	Aguas Da Serra	Covilha	100%	2035	1
Bras	Sanear	Sao Paulo	54%	2015	1
Bras	Aguas De Mandaguahy	Mandaguahy-Sao Paulo	85%	2021	1

#### 4.6. ACS-Dragados

ACS is a major Spanish construction group, which operates internationally, especially in the Americas. It also owns 10% of another Spanish construction group, Albertis, and 30% of the German construction group Hochtief. It is active in waste management and water sectors through Dragados, Urbaser and in cleaning and facilities management – including social care services – through Clece. ACS is also the major shareholder, with 12%, of the large energy company Iberdrola; between 2005 and 2008 it also held shares in Union Fenosa. It employed 142,974 people in June 2010.

In 2009 the sales of its environment division were €2.6 billion. This includes waste management contracts in Spain, and in Argentina, Chile, Colombia, Dominican Republic, . Egypt, France, Mexico, Morocco, Panama, Portugal, UK and Venezuela.

In water, it has a few water distribution contracts, and a number of treatment plants in Spain. In Argentina, Dragados owns 90% of a private company in the Misiones province of Argentina, AMSA, whose concession continues in force. It also used to own 27% of Aguas del Gran BA, which gained a concession in 1999, which was terminated in 2005 for bad performance. The service was taken over by the municipal company ABSA, in partnership with the union-led workers cooperative ‘5 de setiembre’, which manages the operations: ABSA had already been created to take over the failed concession of Enron in the neighbouring region.<sup>20</sup>

#### 4.7. Gelsenwasser

Gelsenwasser is a water, gas and electricity distribution company, 98.5% owned by the municipalities of the cities of Bochum and Dortmund, which bought the company from E.on in 2003. It provides water and wastewater to a number of municipalities in Germany, through a number of concession contracts, both directly and through various subsidiary stadtwerke. It had to be sold by E.on to reduce the dominance of its position in the gas market. Before it was bought by E.on in the 1990s, Gelsenwasser had existed for many years as a water company owned by a number of German municipalities.

In 2009 it had total sales of €673m., of which water accounted for €211.5m., gas represented €399m., and electricity and other services €84m.

Gelsenwasser now owns 100% of a small French water company, Nantaise des Eaux Services: it bought 60% of the shares in 2007 and the rest in 2009. This is the only known example of a foreign company owning a French water operator. Nantaise has been expanding in France and gaining contracts, which has been resisted by the 2 dominant French companies: in January 2010 Veolia lodged an appeal against the loss of a contract, which led Nantaise to issue a press statement saying that it “regretted the attitude of Veolia...and called on Veolia Eau to show more respect towards its competitors”.<sup>21</sup>

Gelsenwasser expanded into eastern Europe in the early 2000s, It retreated from Hungary, where it sold its shares in GW-Borsodváz Kft in 2005, to a local Hungarian company, but it still owns shares in water companies in the Czech republic - 30.58% of Chevak Cheb; 50% of Terea Cheb; and 50% of KMS Kraslicka Mestska Spolecnost. In Poland, it owns 46% of PWiK Glogow. In all these cases the rest of the shares are owned by the municipalities.

In 2005 Gelsenwasser expanded its international operations through extending or obtaining management contracts in Kosovo (for the towns of Gjakova, Rahovec, Priština and Mitrovica) and Kazakhstan (for the town of Kasalinsk): in both cases the contracts were financed by the German development agency KfW. These contracts ended in 2007.

In 2009 Gelsenwasser started a 5-year management contract, worth €23m. of the water company SEATA, SEATA serves the regions Annaba and El Tarif in north-eastern Algeria, with about 2,600 employees. In 2008 Gelsenwasser also had a 2-year contract for the operation of a wastewater plant at Ouargla in Algeria.

Gelsenwasser is therefore eligible for an EWC on the basis of its ownership of Nantaise des Eaux and its stakes in the Czech companies.

**Table 14. Gelsenwasser: subsidiaries in water in Europe**

Country	Company	% owned	Website	Employees	Contact
Czech Republic	Chevak Cheb	30.58	<a href="http://www.chevak.cz">www.chevak.cz</a>	243	Trsnická 11 35011 Cheb, Czech Republic Tel: (+42-/3 54) 414 111 Fax: (+42-/3 54) 414 216 <a href="mailto:chevak@chevak.cz">chevak@chevak.cz</a>
Czech Republic	Terea Cheb	50%	<a href="http://www.terea-cheb.cz">www.terea-cheb.cz</a>	116	Májová 33 35048 Cheb Czech Republic Tel: 0042/166-524411 Fax: 0042/166-524419 <a href="mailto:info@terea-cheb.cz">info@terea-cheb.cz</a>
Czech republic	KMS Kraslicka Mestska Spolecnost	50%			Pohraniční stráž 367 Kraslice 358 01 Tel.: +420 352 686 326 <a href="mailto:kms@cbox.cz">kms@cbox.cz</a>
France	Nantaise des Eaux	100%	<a href="http://www.nantaise-des-eaux.com">http://www.nantaise-des-eaux.com</a>	230	Nantaise des Eaux Services Frédéric Berthias - Directeur des Exploitations Z.I de la Gare - Rue de la Gironnière - BP 98410 - 44980 Sainte-Luce-Loire Cedex Tél : 06 98 99 37 27 - Fax 02 40 25 84 28 - E-mail : <a href="mailto:berthias@nantaise-des-eaux.com">berthias@nantaise-des-eaux.com</a>
Germany	Gelsenwasser	100%	<a href="http://www.gelsenwasser.de">www.gelsenwasser.de</a>	1277	Gelsenwasser AG Willy-Brandt-Allee 26 45891 Gelsenkirchen Germany Tel: (+49) 02 09/7 08-0 Fax:(+49) 02 09/7 08-6 50
Poland	PWiK Glogow	46%	<a href="http://www.pwik.glogow.pl">www.pwik.glogow.pl</a>	175	ul. Lakowa 52 67-200 Głogów Tel: 00 48 76/8 34-21-31 Fax: 00 48 76/8 34-16-65 <a href="mailto:pwik@pwik.glogow.pl">pwik@pwik.glogow.pl</a>

#### 4.8. RWE

RWE has been systematically withdrawing from the water sector since 2004. It has sold Thames Water, and sold 53% of American Water Works. It retains water operations in Germany and in continental Europe. Its largest holdings are a 24.9% stake in Berlinwasser (see separate brief) and its other water operations in Germany, owned through RWE Aqua. These include its 12.5% stake in Budapest water (Hungary); its 34% stake in PWiK Dabrowa Gornicza (Poland); and its 48.5% stake in Zagrebacke Otpadne Vode (Croatia), a joint venture with EVN.

RWE has an EWC on account of its other activities. It is doubtful if it qualifies for an EWC in water alone, as its largest holding in another country is the 34% stake in PWiK Dabrowa Gornicza.

**Table 15. RWE Subsidiaries in water in Europe**

Country	Company	Sector	% owned	Website	Employees	Address
Germany	RWW	Water	79.9%	<a href="http://www.rww.de">www.rww.de</a>	550	Rheinisch-Westfälische Wasserwerksgesellschaft mbH
Germany	Berlinwasser	Water	24.9%	<a href="http://www.berlinwasser.de">www.berlinwasser.de</a>	5096 (2006)	Neue Jüdenstr. 1 10179 Berlin Germany Tel: +49 (0)30 / 814 68-205 Fax: +49 (0)30 / 814 68-299 <a href="mailto:B.Woelki@berlinwasser.de">B.Woelki@berlinwasser.de</a>
Poland	PWiK Dabrowa Gornicza	Water	34%		837	Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. 41-300 Dąbrowa Górnicza

						ul. Powstańców 13 pwik@dabrowa.pl
Hungary	Budapest Water (Fovarosi Vizmuvek)	Water	12.5%	<a href="http://www.vizmuvek.hu">www.vizmuvek.hu</a>	1445	Címünk: 1134 Budapest Váci út 23-27. Levélcím: 1396 Budapest Pf.: 491 Fax: 06 40 247 742 <a href="mailto:vizvonal@vizmuvek.hu">vizvonal@vizmuvek.hu</a>
Croatia	Zagrebacke Otpadne Vode	Water BOT	48.5%	<a href="http://www.zov-zagreb.hr">www.zov-zagreb.hr</a>		Čulinečka cesta 287 HR-10040 Zagreb Tel.: 00 385 16130300 Fax: 00 385 16130308 <a href="mailto:info@zov-zagreb.hr">info@zov-zagreb.hr</a>

#### 4.9. Energie AG

Energie AG originated as a regional energy company owned by the province of Upper Austria: it was formerly called "Oberösterreichische Kraftwerke AG" (OKA). It is now 51% owned by the province, with the other shares owned by a number of other public sector companies and banks.

In recent years it has expanded into water and waste services, mainly by acquisition of companies. Had about €1.8 billion sales in 2008-09, of which €329m. was in waste and €108m. in water. It operates mainly in Austria in all sectors, also in Czech republic, Germany, Hungary, Italy, Moldova, Romania, Slovakia, Slovenia, Ukraine. Employs 6881 people in 2009, of which 3238 were in waste management and 1508 in water.

The water activities of Energie AG outside Austria began with the purchase of the Czech subsidiaries of Anglian Water in 2003 (Cevak in southern Bohemia, VaK Beroun, and VaK Chrudim), which has been followed by further purchases of private water companies in the Czech republic (VHOS) and Slovenia (Salinger) in 2009.

The numbers employed in this sector alone would require an EWC, even without taking account of the employees in other sectors.

**Table 16. Energie AG water employees 2008-09**

Country	Company	Sector	Percent	Website	Employees	other
Austria	EVN	water				
Czech Republic	CEVAK	Water	97		1000	
Czech Republic	VaK Beroun	Water	58.3		145	
Czech Republic	Vodospol Klatovy	Water				
Czech Republic	VaK Chrudim	Water				
Czech Republic	VHOS	Water	100		189	
Slovenia	VARINGER	Water	74			

#### 4.10. EVN

EVN is one of five Austrian energy and water utilities, which remain controlled by the public sector: the provincial government of Lower Austria is the majority shareholder with 51% of shares. In addition, EnBW Energie Baden-Württemberg AG owns more than 10%: EnBW itself is 34.5% owned by EdF, (the French electricity company which is 85% owned by the French state) and another 34.5% owned by the Austrian utility OEW. EVN has been actively expanding in energy in eastern and southeast Europe.

The whole EVN group in 2009 employed 8937 people, the great majority in energy and the great majority of those in south-east Europe), with only 496 in environmental services.

EVN operates the regional supply of drinking water to 481,000 people in Lower Austria (EVN Wasser), which in 2006 also “acquired the water supply network of the municipality of Gerasdorf near Vienna, with 11,000 inhabitants, and the water supply facilities of Grossmugl, a municipality with 1,760 inhabitants. It also operates It also owns 51% of a small Hungarian water services company, DTV Rt. (jointly owned with Resonátor Kft of Hungary).

EVN also builds and operates treatment plants in a number of countries, including Austria itself. It is a partner with RWE in the Zagreb sewerage treatment plant Zagrebacke Otpadne Vode. Through WTE Wassertechnik, previously owned by the German company Berlinwasser but bought by EVN in October 2003, designs, builds, finances and operates municipal and industrial water and wastewater plants in Austria, Cyprus, Denmark, Germany, Lithuania, Montenegro, Poland, Slovenia and Turkey, as well as a series of plants in Russia. These treatment plants have relatively low levels of employment, and the whole WTE operation employed only 243 employees in 2004.

EVN is eligible for an EWC on account of its energy activities, but not in water alone, as it does not have sufficient employees in any one country outside Austria

#### 4.11. Berlinwasser

Berlinwasser is itself a complex joint venture between the city (Land) of Berlin (50.1%) and Veolia and RWE (24.95% each). It also developed a set of international operations in its own right, grouped under BWB International.

The international business has been reduced in terms of operating contracts and concessions for complete water and sewerage systems. Indeed, in October 2006 it was announced that Marubeni had bought 80% of BWB International group, but in November 2006 the deal fell through. Other international operations had already been sold, including WTE Wassertechnik, the Hungarian water company Zsigmondy Bela, the water company of Elber, Albania.

The company still has an active international division, Berlinwasser International (BWI), which operates internationally through a series of consultancy and engineering projects, including BOTs, and short-term management contracts, in Albania, Azerbaijan, Brazil, China, Hungary, India, Mauritius, Namibia, Russia, Serbia, Thailand, Turkey, Ukraine, Vietnam, and UAE. Most of this work has been funded through the German development agency KfW. In 2009 it had 2250 employees worldwide.<sup>22</sup>

**Table 17. Berlinwasser: Subsidiaries in water in Europe**

333	Company	Ownership	Website	Empl oyees	Contact
Germany	Berliner Wasserbetriebe (BWB)	Veolia (24.95%), RWE (24.95%), Land Berlin (50.1%)	<a href="http://www.bwb.de">www.bwb.de</a>	4800	Neue Jüdenstr. 1 10179 Berlin Germany
Hungary	FCSM Budapest	12.5% (12.5% Veolia)	<a href="http://www.fcsmrt.hu">www.fcsmrt.hu</a>		Fovarosí Csatornazási Művek Reszvénytársaság (FCSM) Március 15. tér. 3. HU - 1056 Budapest V. Hungary ph.: +36.1.318 37 19 fax: +36.1.318 16 76
Poland	Szprotawa-Spolka Wodno Sciekowa z o o	49% (in 2005; but current ownership uncertain)			Ul. Rynek 45 PL-67-300 Szprotawa Poland tel.: +48.68.376 38 11 fax: +48.68.376.22 20 <a href="mailto:szprotawa@berlinwasser.net">szprotawa@berlinwasser.net</a>
Berlinwasser International			<a href="http://www.berlinwasser.com">www.berlinwasser.com</a>	2250	Stralauer Straße 32 10179 Berlin

#### 4.12. Acea

Acea was the municipal water and energy utility for the city of Rome, which was part-privatised by the public sale of 49% of shares in 1999. In 2010 it is 51% owned by Rome city council, 10% owned by GdF Suez, and 13% owned by Italian construction company Caltagirone (as of June 2010). In 2010 the mayor of Rome proposed selling more of the city's shares. There has been a dispute between Caltagirone and GdF-Suez over the terms of the joint electricity venture between Acea and GdF-Suez.<sup>23</sup> It had annual sales of €2954 million, of which €693m. was in water in Italy and €15m. in water internationally, and employed 6687 workers in 2009.

Acea's main business is electricity. It owns distribution networks, through Acea Distribuzione, and owns 59% of , AceaElectrabel, a joint venture in generation and sales with GdF-Suez. In 2010 Acea brought an arbitration case against Suez in February 2010, and in September 2010 it was expected that the joint venture would be ended by creating two separate companies, one owned by GdF-Suez and one owned by Acea.<sup>24</sup>

Acea is the major Italian private water operator serving over 8 million people throughout the country. In 2010, Acea owned the water operators of Rome and Frosinone (both 100%), Gori (37%), Pisa (45%), Firenze (40%), Perugia (40%), Arezzo (46%) and Siena (40%). It expanded in water in Italy from the 1990s, in partnership with Suez, through bids for water concessions and buying shares in existing companies. Acea has been subject to many legal proceedings: by the anti-trust authority that the partnership with Suez was anti-competitive; by mayors in Lazio that it's water tariffs were illegal; numerous cases by the tax authorities; and cases over liability for sickness and social insurance contributions. As of 2010 Acea continued to appeal against all these cases.<sup>25</sup>

Acea's international activity in water is very small, accounting for only €15m. sales in 2009. It does not report any operations in Europe outside Italy in 2009. It has four operations in Latin America:

- a 31% stake in a concession for San Pedro Sula, in Honduras;
- a 51% stake in Aguazul Bogota, in Colombia, which does maintenance work;
- a subsidiary in the Dominican Republic; and
- a 45% stake in the Rio Chillón water treatment BOT, a joint venture with Impregilo in Peru.

Annex A: Privatised water operations in EECA (former Soviet Union)

Source: OECD, December 2009

Operator	Owner of operator	Service territory	Population residing within the service area (ths. people),	Ground for selection of operator	Contract description				Investments
					Type of contract	Contract start year	Contract end year	Expected contract period	
<b>Armenia</b>									
Yerevan Water, CJSC	Veolia Water	Yerevan and 32 neighboring rural settlements	1100	Competition	Lease agreement	2006	2016	10	Plan: Euro 9.1 million of Operator's own funds within the contract period
Armenian Water and Sewerage Company, CJSC	SAUR	37 towns and 280 rural settlements	619	Competition	Contract for management	2005	2010	4 + 2	n/a
Lori Water Sewerage , CJSC	Consortium of MVV Decon, MVV Energie, and AEG Service	1 town and 16 rural settlements	375	Competition	Contract for management	2009	2012	3 + 1	n/a
Shirak Water Sewerage, CJSC		2 towns и 35 rural settlements							n/a
Nor Akunq, CJSC “		2 towns и 9 rural settlements							n/a

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Operator	Owner of operator	Service territory	Population residing within the service area (ths. people),	Ground for selection of operator	Contract description				Investments
					Type of contract	Contract start year	Contract end year	Expected contract period	
<b>Russia</b>									
Amur Utility Systems, OJSC	RCS, OJSC	Blagoveshchensk	223	Owner's decision	Lease agreement	2003	2013	10	n/a
Kirov Utility Systems, , OJSC		Kirov	502	Owner's decision	Lease agreement	2004	2019	15	n/a
Novogor-Prikamie, LLC		Perm	982	Owner's decision	Lease agreement	2003	2052	49	n/a
Novogor-Prikamie, LLC		Berezniki	250	Competition	Lease agreement	2005	2035	30	n/a
Novogor-Prikamie, , LLC		Krasnokamsk	52	Owner's decision	Lease agreement	2006			n/a
Petrozavodsk Utility Systems, , OJSC		Petrozavodsk	266	Owner's decision	Lease agreement	2005	2025	20	n/a
Tambov Utility System, OJSC		Tambov	294	Owner's decision	Lease agreement	2003	2028	25	n/a
Barnaulsky Vodokanal, LLC	Rosvodokanal, LLC	Barnaul	650	Owner's decision	Lease agreement	2005	n/a	n/a	n/a
Kaluzhsky Oblast Vodokanal, LLC		Kaluga Oblast	1 003	Owner's decision	Lease agreement	2006	n/a	n/a	n/a
Krasnodar Vodokanal, LLC		Krasnodar	711	Owner's decision	Lease agreement	2005	n/a	n/a	n/a
Omskvodokanal, OJSC		Omsk	1 140	Owner's decision	Lease agreement	2007	n/a	n/a	n/a
Orenburgvodokanal, LLC		Orenburg	526	Owner's decision	Lease agreement	2003	n/a	n/a	n/a
Tvervodokanal, LLC		Tver	409	Owner's decision	Lease agreement	2007	n/a	n/a	n/a
Tyumenvodokanal, LLC		Tyumen	600	Owner's decision	Lease agreement	2005	n/a	n/a	n/a
Vodokanal of Rostov-on-the-Don, OJSC	Evraziyskiy, OJSC	Rostov Oblast	1 062	Competition	n/a	2006	n/a	n/a	n/a

Operator	Owner of operator	Service territory	Population residing within the service area (ths. people),	Ground for selection of operator	Contract description				Investments
					Type of contract	Contract start year	Contract end year	Expected contract period	
Yugvodokanal, LLC		Krasnodarsky Krai	1 147	n/a	n/a	2006	n/a	n/a	n/a
<b>Georgia</b>									
AO "Tbilvodokanal"	Veolia Water	Tbilisi	1093	Competition	Lease agreement	2001	Agreement is early terminated	5	n/a
Georgian Water and Power	Multiplex Solutions			Competition	Privatization	2007	WSS facilities have been privatized		Plan: USD 350 million
<b>Kazakhstan</b>									
TOO "Water resources – Marketing"	TOO "Water Resources – Marketing"	Shymkent	534	WSS facilities owned by Operator					n/a
The "Oskemen-Vodokanal" governmentally owned enterprise	"IR-Group"	Ust-Kamenogorsk	287	Competition	Trust management agreement	2004	Agreement was early terminated in 2007.	25	n/a
The "Almaty Suy" Joint Venture	Vivendi Water	Almaty	1200		Concession agreement	2001	Agreement has been terminated	30	Plan: USD 100 million from all sources of funding
<b>Ukraine</b>									
Infoxvodokanal	Infox, LLC	Odessa	1001	Owner's decision	Lease agreement	2004	Agreement was early terminated in 2008.	49	Plan: Euro 44 million during the agreement validity period, including Euro 19 million in 2006-2008 Fact: Euro 9 million in 2006-2008 (47% of planned investment)
Water Services, LLC	Water Services, LLC	Kirovograd	258	Owner's decision	Lease agreement	2006	Agreement was early terminated in 2008.	49	n/a

Operator	Owner of operator	Service territory	Population residing within the service area (ths. people),	Ground for selection of operator	Contract description				Investments
					Type of contract	Contract start year	Contract end year	Expected contract period	
Lugansk Water Company, LLC	Rosvodokanal, LLC	Lugansk Oblast	2409	Competition	Concession agreement	2008	2033	25	n/a
<b>Kyrgyzstan</b>									
The City of Kant Vodokanal	OOO "Marketing-Service"	Kant	23	Owner's decision	Lease agreement	2007	2007	3	n/a
<b>Uzbekistan</b>									
The "Suvokova" Bukhara city industrial state enterprise	Veolia Water	Bukhara	247	Competition	Contract for management	2003	Agreement was early terminated in 2007.		Plan: USD 62.3 million during the contract period
The "Suvokova" Samarkand city industrial state enterprise		Samarkand	412						

**Annex B: EBRD investments in private municipal infrastructure 1991-2009**Sector: Municipal and environmental infrastructure; Type: private <http://www.ebrd.com/downloads/research/annual/invest09.xls>

Country	Type of investment	Project name	Description	Year of signing	Total project value (€ 000)	EBRD loan (€ 000)	EBRD equity (€ 000)	EBRD guarantee (€ 000)	Total EBRD finance (€ 000)
Romania	Regional investment	Veolia Voda	Capital increase following a previous equity investment.	2009	700	0	700	0	700
Russia	Regional investment	Veolia Voda	Capital increase following a previous equity investment.	2009	69,300	0	69,300	0	69,300
Tajikistan	Direct investment	Direct Lending Facility	Investment in vehicles for a public transport company.	2009	1,734	1,734	0	0	1,734
Bulgaria	Direct investment	Hebros Bus Urban Transport	Loan to Hebros Bus to finance fleet renewal and expansion.	2009	8,174	5,874	0	0	5,874
Hungary	Regional investment	Aqualia Investment Venture	Equity in a new company that invests in water concessions and acquires other privately held water groups.	2009	16,327	0	8,000	0	8,000
Moldova	Regional investment	Aqualia Investment Venture	Equity in a new company that invests in water concessions and acquires other privately held water groups.	2009	8,163	0	4,000	0	4,000

Country	Type of investment	Project name	Description	Year of signing	Total project value (€ 000)	EBRD loan (€ 000)	EBRD equity (€ 000)	EBRD guarantee (€ 000)	Total EBRD finance (€ 000)
Poland	Regional investment	Aqualia Investment Venture	Equity in a new company that invests in water concessions and acquires other privately held water groups.	2009	24,490	0	12,000	0	12,000
Romania	Regional investment	Aqualia Investment Venture	Equity in a new company that invests in water concessions and acquires other privately held water groups.	2009	24,490	0	12,000	0	12,000
Russia	Regional investment	Aqualia Investment Venture	Equity in a new company that invests in water concessions and acquires other privately held water groups.	2009	65,306	0	32,000	0	32,000
Slovak Republic	Regional investment	Aqualia Investment Venture	Equity in a new company that invests in water concessions and acquires other privately held water groups.	2009	16,327	0	8,000	0	8,000
Ukraine	Regional investment	Aqualia Investment Venture	Equity in a new company that invests in water concessions and acquires other privately held water groups.	2009	8,163	0	4,000	0	4,000
Kazakhstan	Direct investment	Shymkent Vodokanal	Loan to a private water utility in Shymkent to upgrade the water and wastewater system.	2009	5,548	5,548	0	0	5,548
Russia	Direct investment	Taganrog District Heating Company	Finance for rehabilitation and upgrade of district heating infrastructure in Taganrog.	2008	5,057	5,057	0	0	5,057
Russia	Direct investment	Russian Communal Systems	Financing for consolidation of Russia's largest private municipal operator.	2008	43,473	43,473	0	0	43,473

Country	Type of investment	Project name	Description	Year of signing	Total project value (€ 000)	EBRD loan (€ 000)	EBRD equity (€ 000)	EBRD guarantee (€ 000)	Total EBRD finance (€ 000)
Russia	Direct investment	Rosvodokanal	Loan to finance rehabilitation and upgrade of the water and wastewater infrastructure.	2008	396,010	34,321	0	0	34,321
Russia	Direct investment	Novogor Prikamie	Support for municipal water and wastewater system in Perm.	2008	34,321	17,160	0	0	17,160
Latvia	Direct investment	E-Energia	Equity investment in E-energija, which provides heat and hot water services to both residential and industrial customers in Lithuania and Latvia and is considering expanding its operations into Ukraine.	2007	6,000	6,000	0	0	6,000
Lithuania	Direct investment	E-Energia	Equity investment in E-energija, which provides heat and hot water services to both residential and industrial customers in Lithuania and Latvia and is considering expanding its operations into Ukraine.	2007	1,500	1,500	0	0	1,500
Russia	Direct investment	Taganrog Teploenergo	Equity participation to support the upgrade of district heating infrastructure increase energy efficiency.	2007	3,739	1,869	1,869	0	3,739
Ukraine	Direct investment	E-Energia	Equity investment in E-energija, which provides heat and hot water services to both residential and industrial customers in Lithuania and Latvia and is considering expanding its operations into Ukraine.	2007	7,500	7,500	0	0	7,500
Czech Republic	Regional investment	Véolia Voda	Equity investment in Véolia Voda enabling it to expand in central and eastern Europe, Russian and Ukraine.	2007	27,300	0	27,300	0	27,300
Hungary	Regional investment	Véolia Voda	Equity investment in Véolia Voda enabling it to expand in central and eastern Europe, Russian and Ukraine.	2007	8,400	0	8,400	0	8,400

Country	Type of investment	Project name	Description	Year of signing	Total project value (€ 000)	EBRD loan (€ 000)	EBRD equity (€ 000)	EBRD guarantee (€ 000)	Total EBRD finance (€ 000)
Poland	Regional investment	Véolia Voda	Equity investment in Véolia Voda enabling it to expand in central and eastern Europe, Russian and Ukraine.	2007	29,400	0	29,400	0	29,400
Russia	Regional investment	Véolia Voda	Equity investment in Véolia Voda enabling it to expand in central and eastern Europe, Russian and Ukraine.	2007	25,200	0	25,200	0	25,200
Slovak Republic	Regional investment	Véolia Voda	Equity investment in Véolia Voda enabling it to expand in central and eastern Europe, Russian and Ukraine.	2007	7,350	0	7,350	0	7,350
Ukraine	Regional investment	Véolia Voda	Equity investment in Véolia Voda enabling it to expand in central and eastern Europe, Russian and Ukraine.	2007	7,350	0	7,350	0	7,350
Latvia	Regional investment	E-Energija	Equity investment in E-energija, which provides heat and hot water services to both residential and industrial customers in Lithuania and Latvia and is considering expanding its operations into Ukraine.	2007	1,650	0	1,650	0	1,650
Lithuania	Regional investment	E-Energija	Equity investment in E-energija, which provides heat and hot water services to both residential and industrial customers in Lithuania and Latvia and is considering expanding its operations into Ukraine.	2007	1,650	0	1,650	0	1,650
Ukraine	Regional investment	E-Energija	Equity investment in E-energija, which provides heat and hot water services to both residential and industrial customers in Lithuania and Latvia and is considering expanding its operations into Ukraine.	2007	1,700	0	1,700	0	1,700
Poland	Direct investment	Dalkia Litesko	Additional equity financing for Dalkia Lodz for the acquisition of the district heating company.	2005	7,406	0	7,406	0	7,406

Country	Type of investment	Project name	Description	Year of signing	Total project value (€ 000)	EBRD loan (€ 000)	EBRD equity (€ 000)	EBRD guarantee (€ 000)	Total EBRD finance (€ 000)
Czech Republic	Regional investment	Véolia Transport (formerly Connex)	Equity funding to expand transport services.	2005	47,048	0	15,298	0	15,298
Hungary	Regional investment	Véolia Transport (formerly Connex)	Equity funding to expand transport services.	2005	47,048	0	15,298	0	15,298
Poland	Regional investment	Véolia Transport (formerly Connex)	Equity funding to expand transport services.	2005	47,048	0	15,298	0	15,298
Slovak Republic	Regional investment	Véolia Transport (formerly Connex)	Equity funding to expand transport services.	2005	47,048	0	15,298	0	15,298
Poland	Direct investment	Dalkia Multi-Project Facility	Acquisition of ZEC Lodz, a district heating and cogeneration utility in Lodz.	2004	219,441	0	39,120	0	39,120
Slovak Republic	Direct investment	EU/EBRD Municipal Finance Facility	Credit line for on-lending to small and medium-sized municipalities and their utility companies.	2004	32,500	0	0	8,000	8,000
Hungary	Direct investment	Dalkia Prometheus	Additional investment in energy service company.	2004	13,179	0	1,179	0	1,179
Poland	Direct investment	Dalkia Multi-Project Facility II	Privatisation of ZEC Poznan, the combined heat and power plant in Poznan.	2004	50,835	0	4,235	0	4,235



Country	Type of investment	Project name	Description	Year of signing	Total project value (€ 000)	EBRD loan (€ 000)	EBRD equity (€ 000)	EBRD guarantee (€ 000)	Total EBRD finance (€ 000)
Poland	Direct investment	Dalkia Poznan	Isolation of the EBRD's 10 per cent equity stake in the company.	2004	9,173	0	9,173	0	9,173
Lithuania	Direct investment	Dalkia Litesko	Equity investment in energy service company.	2003	3,674	0	3,674	0	3,674
Bulgaria	Regional investment	International Water United Utilities	Acquisition of three water utility companies.	2003	13,688	0	4,988	0	4,988
Estonia	Regional investment	International Water United Utilities	Acquisition of three water utility companies.	2003	30,680	0	11,180	0	11,180
Poland	Regional investment	International Water United Utilities	Acquisition of three water utility companies.	2003	2,832	0	1,032	0	1,032
Hungary	Direct investment	Dalkia Prometheus	Provision of energy services to private and municipal clients.	2003	2,972	0	572	0	572
Hungary	Direct investment	MOL Duna waste-water treatment plant	Expansion and upgrade of waste-water treatment facilities at MOL's Duna refinery.	2003	37,119	12,327	0	0	12,327
Russia	Direct investment	St Petersburg south-west waste-water treatment plant	Completion of waste-water treatment plant, reducing pollution in the Gulf of Finland.	2003	192,856	33,726	0	0	33,726

Country	Type of investment	Project name	Description	Year of signing	Total project value (€ 000)	EBRD loan (€ 000)	EBRD equity (€ 000)	EBRD guarantee (€ 000)	Total EBRD finance (€ 000)
Poland	Direct investment	Dalkia Multi-Project Facility II	Privatisation of ZEC Poznan, the combined heat and power plant in Poznan.	2003	20,000	0	7,000	0	7,000
Romania	Direct investment	Apa Nova water treatment plant	Completion of water treatment plant in Bucharest.	2002	165,099	65,357	0	0	65,357
Estonia	Direct investment	Tallinn Water privatisation	Financing for post-privatisation investment programme to facilitate private sector involvement in water and waste-water services.	2002	172,798	54,999	0	0	54,999
Poland	Direct investment	Dalkia Multi-Project Facility II	Privatisation of ZEC Poznan, the combined heat and power plant in Poznan.	2002	94,748	21,748	0	0	21,748
Czech Republic	Direct investment	Dalkia Usti Nad Labem	Refinancing of existing bonds in combined heat and power (CHP) plant.	2001	70,438	19,056	0	0	19,056
Croatia	Direct investment	Zagreb waste-water treatment plant	Construction and operation of waste-water treatment plant.	2001	326,709	42,200	0	0	42,200
Bulgaria	Direct investment	Sofia water system concession	Improvement of water and waste-water services, addressing leakage, drinking water quality and effluent standards.	2000	146,761	39,113	0	0	39,113
Czech Republic	Direct investment	Harpn district heating	Modernisation of district heating services and the provision of hot water.	2000	41,125	16,171	0	0	16,171

Country	Type of investment	Project name	Description	Year of signing	Total project value (€ 000)	EBRD loan (€ 000)	EBRD equity (€ 000)	EBRD guarantee (€ 000)	Total EBRD finance (€ 000)
Czech Republic	Direct investment	Brno waste-water treatment plant	Extension and upgrade of the Brno-Modrice waste-water treatment plant.	1999	82,799	27,500	0	0	27,500
Romania	Direct investment	Dalkia ESCO Romania	Establishment, acquisition or expansion and operation of energy service companies (ESCOs).	1999	17,558	0	1,880	0	1,880
Slovenia	Direct investment	Maribor waste-water concession	Construction of waste-water treatment plant.	1999	47,363	14,800	0	0	14,800
Hungary	Direct investment	CGE multi-project facility	Improvement of financial and operational performance and facilitation of private sector involvement in sewerage services.	1998	37,956	11,469	0	0	11,469
Hungary	Direct investment	Budapest waste-water services	Partial privatisation of Budapest Municipal Sewerage Company.	1998	37,956	11,469	0	0	11,469
Lithuania	Direct investment	Dalkia Litesko	Equity investment in energy service company.	1998	12,750	2,896	1,448	0	4,344
Czech Republic	Regional investment	Environmental Investment Fund	Support for companies undertaking environment-related projects in the infrastructure sector.	1997	4,400	0	1,000	0	1,000
Hungary	Regional investment	Environmental Investment Fund	Support for companies undertaking environment-related projects in the infrastructure sector.	1997	2,200	0	500	0	500

Country	Type of investment	Project name	Description	Year of signing	Total project value (€ 000)	EBRD loan (€ 000)	EBRD equity (€ 000)	EBRD guarantee (€ 000)	Total EBRD finance (€ 000)
Poland	Regional investment	Environmental Investment Fund	Support for companies undertaking environment-related projects in the infrastructure sector.	1997	15,400	0	3,500	0	3,500
Poland	Direct investment	Dalkia Multi-Project Facility II	Privatisation of ZEC Poznan, the combined heat and power plant in Poznan.	1997	28,825	3,604	1,201	0	4,805
Hungary	Direct investment	Dalkia Prometheus	Investment in energy service companies.	1997	28,924	12,899	3,225	0	16,124
Slovak Republic	Direct investment	CGE multi-project facility	Construction of engineered landfill.	1997	2,556	1,023	0	0	1,023
Slovak Republic	Direct investment	Dalkia Termotech	Establishment, acquisition or expansion and operation of energy service companies.	1996	10,786	1,552	310	0	1,863
Slovak Republic	Direct investment	FGG municipal services multi-project facility	Provision and financing of municipal and environmental services.	1996	10,556	3,148	0	0	3,148
Hungary	Direct investment	Dalkia Prometheus	Investment in energy service companies.	1995	3,786	3,786	0	0	3,786

## Annex C: Investigations for cartels and anti-competitive behaviour

### Europolitics April 20, 2010 Tuesday COMPETITION : FRENCH WATER TREATMENT COMPANIES UNDER INVESTIGATION by Sophie Mosca

On 16 April, the European Commission said that it had conducted three days earlier, in collaboration with the French competition authority, unannounced inspections in France at the premises of a number of companies operating in the sector of water supply and waste water treatment. It wishes to check whether certain companies in this sector are infringing EU competition rules, particularly those that prohibit restrictive practices and/or abuse of dominant position.

#### CONCERTED PRACTICES AND UNFAIR PRICES

The companies in the EU executive's sights allegedly submitted concerted bids in public tenders organised by municipalities for the management of drinking water and water treatment services. The Commission also has reason to suspect these firms of having charged unfair prices for water supply and treatment to municipalities, and therefore ultimately to consumers, in the context of the delegated management of these services. As usual, the Commission did not disclose the names of the companies concerned and reiterated that the inspections represent a preliminary phase of the investigations into presumed anti-competitive practices and do not prejudge the outcome.

However, the website [www.pro-environnement.com](http://www.pro-environnement.com) states that it has confirmation that the head offices in Paris of Suez Environnement and Lyonnaise des eaux - two companies owned by GDF Suez, number two in France in the water sector with a 19% market share - were targeted by the inspections as well as two of its subsidiaries in Yvelines and Toulouse. According to a Suez Group spokesman, the firm "is fully cooperating with the investigation". La Saur, formerly Société d'Aménagement Urbain et Rural, the third largest player on the French market, has also recognised that it was inspected. Veolia Environnement, the leading player on the French market with a 39% market share, is also believed to have been visited by the Commission's mandated inspection teams but has not confirmed.

#### FIERCE RIVALRY

The probe is thought to be aimed at checking competition conditions in the water supply and treatment sectors, particularly given the fierce competition between Suez and Veolia. Last March, the two groups had to withdraw from 12 joint ventures in which they had equal shares, to comply with the requirements of the French competition authority. They are now rivals on many public water supply contracts. The French competition authority found that in cities where these joint ventures between Suez Environnement and Veolia distributed water or treated waste water, calls for tenders did not abide by applicable rules and that there was "collective abuse of dominant position". An example of the rivalry between the two groups was the legal action brought (and won) by Suez against Veolia, which was awarded the contract for management of the water service for the town of Montauban (Tarn et Garonne). The Commission's Competition DG is believed to be looking into this contract. A spokesman for the Saur Group said the issues concerned by the probe were "Poland, Montauban and Versailles, and the SEDIF".

#### SEDIF

The biggest stakes for the moment in this sector at European level are without a doubt the contract for the public water supply service to be awarded by the Syndicat des eaux d'île de France (SEDIF), currently in progress. The contract concerns 144 municipalities in the Ile-de-France area apart from Paris and four million consumers. This tender invitation to the private sector for management of a public service is now closed. Private operators are vying to win the contract, while municipalities are opposed to it since they wish to resume management of their water services through publicly-owned companies to guarantee their autonomy, as is the case in certain municipalities in the Eastern outskirts of the capital, which wish to pull out of the SEDIF.

## Annex D: Italian campaign against water privatisation

### **Campaign against water privatisation in Italy gets 1 million signatures** Wed, 14/07/2010 - 11:46 — [halldj](#)

The Italian campaign against water privatisation - Forum Italiano dei Movimenti per l'Acqua - collected over a million signatures in 2 months in support of a demand for a referendum to prevent the privatisation of water services. The campaign is organised and supported by hundreds of organisations and bodies, including water operators, community and religious organisations, and the Italian trade unions.

The campaign aims to block the proposed new law of the Berlusconi government which would force public authorities to use private water companies: "Under the new law from 2012 water supplies must be managed exclusively by private companies or by mixed public-private enterprises where the private investor holds at least 40 per cent, and contracts must be awarded by tender. In addition local authorities with a stake in utilities listed on the stock exchange are asked to reduce their shareholding gradually to a maximum of 30 per cent by the end of 2015."

In addition to the referendum campaign, regional governments are pursuing court cases claiming that the law is unconstitutional:

"Local authorities across Italy immediately expressed their opposition to the changes and seven regions – Puglia, Liguria, Piemonte, Marche, Valle d'Aosta, Tuscany and the autonomous province of Trento – have appealed to the constitutional court against the law, claiming it violates regional autonomy. Meanwhile three referendum questions have been drawn up by eminent Italian jurists and deposited before the supreme court of cassation"

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Water, water everywhere... Laura Clarke 07/07/2010 [http://www.wantedinrome.com/articles/complete\\_articles.php?id\\_art=1041](http://www.wantedinrome.com/articles/complete_articles.php?id_art=1041)

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<sup>2</sup> FCC 18-05-2009 FCC and the European Bank for Reconstruction and Development (EBRD) create a water infrastructure management company [http://www.fcc.es/fcc/corp/ing/sdp\\_n\\_ddln\\_434.htm](http://www.fcc.es/fcc/corp/ing/sdp_n_ddln_434.htm)

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<sup>4</sup> Les Echos April 20, 2007 Friday : FRENCH CONSORTIUM ACQUIRES SAUR (LA SAUR REPRISE PAR LE CONSORTIUM COMPOSE DE LA CDC, SECHE ET AXA IM

<sup>5</sup> Europolitics April 20, 2010 COMPETITION : FRENCH WATER TREATMENT COMPANIES UNDER INVESTIGATION; Mondaq <http://www.mondaq.com/article.asp?articleid=102812> ; The Guardian (London) July 9, 2009 Thursday Brussels fines energy companies £1bn for cartel <http://www.guardian.co.uk/business/2009/jul/08/gas-company-fines-european-commission> ;

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<sup>8</sup> Agbar, together with Spanish firm OHL, was recently awarded the concession of the Huascacocha reservoir in Peru. The project requires US\$300million and will supply water to Lima.

<sup>9</sup> Agbar entrará en Brasil, Perú y República Dominicana, May 6, 2009, Reuters:

[http://www.bnamericas.com/news/privatization/Aguas\\_Andinas\\_denies\\_reports\\_of\\_entering\\_seawater\\_desalination\\_industry](http://www.bnamericas.com/news/privatization/Aguas_Andinas_denies_reports_of_entering_seawater_desalination_industry); Aguas Andinas denies reports of entering seawater desalination industry – Chile, June 10, 2009, by Eva Medalla :

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<sup>10</sup> <http://www.veolia.com/en/medias/press-releases/veolia-transport-transdev-ratp-2009.htm>

<sup>11</sup> Esther Kopolowitz is appointed to the Board of Directors of Veolia Environnement Veolia PR 13 Jan 2010

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<sup>19</sup> M2 Europharma May 28, 2009 Thursday SEPI, SyV to work together on social, health services; Spanish Business Digest April 9, 2009 Sacyr wins four contracts in care, assistance services sector

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