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# How to make a success of private water operations in Asia ?

08/08/2022

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Asia Editor

Global Water Intelligence

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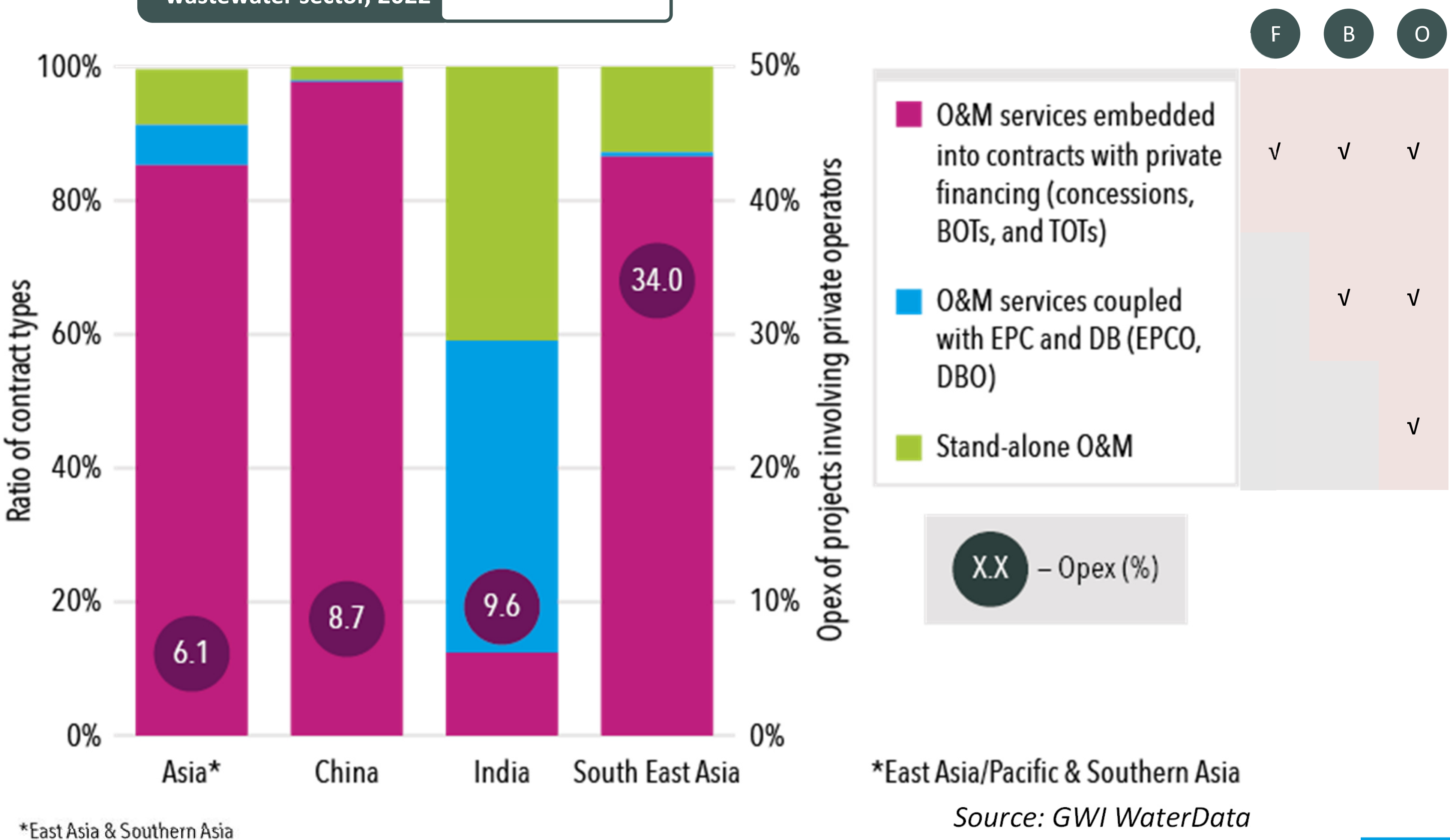
# The private operations market in Asia is relatively small, but growing

| Total OPEX in water and wastewater sector, 2022 | $ 138 billion |
|---|---|




*Source: GWI WaterData*

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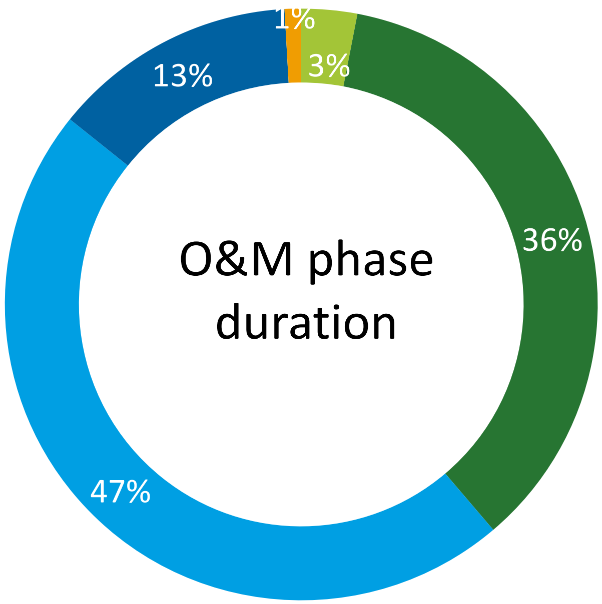
# India: Wide adoption of outsourced operations

## → Drivers:

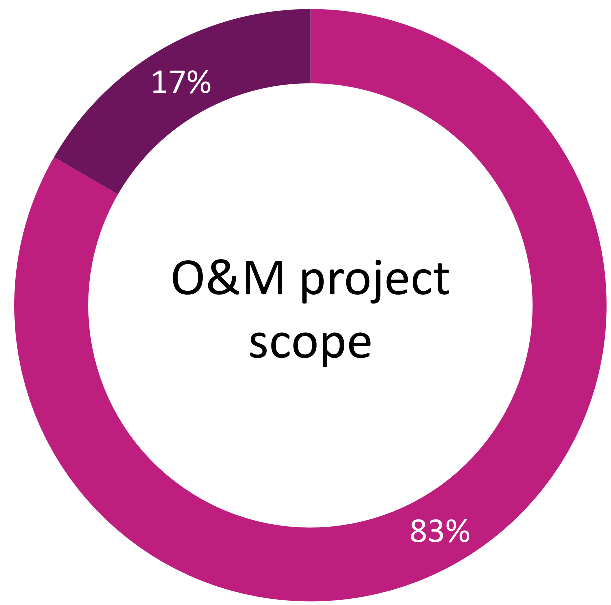
- Lack of inhouse operation capacity
- Increasing focus on utility performance
- Over 100 local companies competing

## → Opportunities

- **24/7 Water Supply:** performance-based contracting structure
- **Wastewater:** “One city one operator”




≤2 years* | >2–5 years | >5–10 years | >10–20 years | Over 20 years




Plant alone | With pipelines

*Source: GWI WaterData*

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# China: Increasing adoption of EPC+O&M

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| | 2015 — Stage 1 → 2018 | 2018 — Stage 2 → 2020 | 2020 — Stage 3 → 2021 |
|---|---|---|---|
| 1 Market conditions | Growing market activated by favourable policies and regulations issued in 2015:<br>▪ Water Pollution Action Plan<br>▪ New Environmental Protection Law | Tightened market led by China's deleveraging reform:<br>▪ Increased borrowing costs<br>▪ Shrinking investment returns | Tougher market affected by zero-COVID policies:<br>▪ Delayed project tenders and construction timetables<br>▪ Diminished financial capacity of local governments due to huge spending on strict virus prevention measures |
| 2 Top market opportunities | ▪ Municipal water and wastewater treatment<br>▪ Black and odorous river restoration | Integrated water environment management (including plant upgrades, pipeline construction, and river restoration) | ▪ Wastewater reuse<br>▪ Sludge disposal<br>▪ Digital water management |
| 3 Major procurement models | PPPs | Over half of PPPs cancelled or converted into EPC contracts | EPC+O&M increasingly used |
| 4 Status of key private investors | A rush for over-leveraged PPP projects | ▪ Struggles with heavy debt loads and shortage of cashflow<br>▪ Severe competition from large state players with robust access to capital | Sold majority stakes to SOEs – often with penalties for underperformance – and handed over control rights |

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# Southeast Asia: Piloting Different Models

| | Ho Chi Minh performance-based NRW reduction | NLTN WWTP | Ta Khmau WTP |
|---|---|---|---|
| **Location** | Ho Chi Minh, Vietnam | Ho Chi Minh, Vietnam | Phnom Penh, Cambodia |
| **Scope** | NRW reduction | WWTP | WTP |
| **Capacity** | N.A | 480,000 | 30,000 |
| **O&M model** | perfromance based NRW reduction | DBO | DBO |
| **Contract year** | 2009 | 2019 | 2022 |
| **O&M (years)** | 5 | 5 | 10 |
| **Client** | SAWACO | Ho Chi Minh City People's Committee | Phnom Penh Water Supply Authority |
| **Operator** | Manila Water | Acciona Agua/Vinci Construction team | Kobelco/Kubota/Kitakyushu Water Service/ CTI Engineering |
| **Funding source** | The World Bank | The World Bank | JICA |

*Source: the World Bank, JICA*

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Thanks!

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