Case 15

Portugal

Water Sector

Mafra Water and Waste Water Concession

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Water and wastewater concession contract of the Mafra Municipality

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Mafra Municipality
Be Water, S. A., a company of the group BEWG

It’s the first concession contract in Portugal and it’s a success case
Promotes the goal 6 - “water and sanitation for all”
Legal context:

Before 1993
• Management of water and wastewater systems is, historically, a municipality responsibility (with rare exceptions, like EPAL for Lisbon water supply).

1993
• National legislation changed with the following main guidelines:
  • Municipalities may choose an indirect management of water and wastewater systems through concession contracts with private and specialized management entities.
  • Creation of multi-municipality bulk systems managed by public companies.

After 1993
• 1994 – Portugal’s first concession contract in Mafra municipality.
• The company has 4 concession contracts in the country.
• There are 33 concession contracts in Portugal and covering about 20% of the population of Portugal.

Municipality goals:

• Find a private partner with investment capacity
  o Increase coverage, construct wastewater treatment plants, and provide treatment capacity for wastewater
• Improve the quality of service to the population
• Have fair and socially acceptable tariffs
The Mafra concession contract

Context

<table>
<thead>
<tr>
<th>General data (1994)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total area</strong></td>
</tr>
<tr>
<td><strong>Population</strong></td>
</tr>
<tr>
<td><strong>Water system coverage</strong></td>
</tr>
<tr>
<td><strong>Wastewater system coverage</strong></td>
</tr>
<tr>
<td><strong>Water loss</strong></td>
</tr>
<tr>
<td><strong>Water quality compliance</strong></td>
</tr>
<tr>
<td><strong>Wastewater treated</strong></td>
</tr>
</tbody>
</table>

Be Water strategy:

- Apply the company know-how, specially in new technologies and new methodologies:
  - GIS (Geographical Information Systems)
  - Network remote management
  - Control of water loss
  - Undue inflows
  - Asset management infrastructure

- Improve the relationship with the population and proximity with the customers

- Efficient management

- Long term contract
Sources: INE, ERSAR, INSAAR and Be Water

Water system coverage ratio evolution (%)

Water quality evolution (%)

Water losses evolution (%)

Wastewater system coverage ratio evolution (%)

Population covered by treated wastewater (%)

Sources: INE, ERSAR, INSAAR and Be Water
### Contract milestones

- **1993**: Concession tender launch
- **1994**: Proposal analysis, Concession contract signature
- **1995**: Beginning of contract
- **2025**: End of contract

Exploitation period (30 years)

### Key figures 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>15,4M€</td>
</tr>
<tr>
<td>OPEX</td>
<td>13,7M€</td>
</tr>
<tr>
<td>Accumulated CAPEX</td>
<td>47M€</td>
</tr>
<tr>
<td>Water</td>
<td>27M€</td>
</tr>
<tr>
<td>Wastewater</td>
<td>20M€</td>
</tr>
</tbody>
</table>

Financing assured by shareholders

New building – improvement of working and customer conditions

### Relationship with local community and the environment

- Improve quality of community life through activities
- Increase of coverage rates, water quality and wastewater treatment ratios
- Public health improvement
- Excellent quality of sea and river water ("Blue Flag")
- Environmental sustainability
- Active participation in social events
- Environmental awareness campaigns
Replicability of the project

• Mafra: first concession contract in Portugal

• Be Water has 3 more concession contracts

• This project has been replicated in other municipalities. There were 33 concession contracts by 2015

• This solution can be replicated in the entire world
People First is also about “those” that made it happen:

• Main drivers
  o Municipality and company supported by their teams

• Integration of public service employees in the company team

• Professional development of all staff

• Focus in providing the community with excellent public service

• Commitment, capacity and motivation of all management teams