

## Guyana Water Management Contract

**FORT WASHINGTON, PA – February 22, 2007** Severn Trent Water International (STWI) rejects the reasons given for the closure of the Management Contract with the Board of Guyana Water Inc. (GWI). In our view, the decision is misconceived.

Much progress has been made towards meeting a number of demanding targets set for GWI performance in 2002. These include:

- significant improvements in water quality;
- reductions in non-billed water from 61% to 44%;
- hours of water supplied and system pressures provided to GWI customers increased by over 80%
- revenues increased from G\$900m (UK£3m) in 2002 to record levels of G\$1.7bn (UK£5.5m) in 2006;
- the successful introduction of a customer information and billing system (value UK£1.4m) which offers the prospect of further improved financial stability of GWI; and
- provision of a key part of the Government of Guyana's emergency response to the 2005 floods and the highly effective delivery of emergency potable water for a 3 month period leading to fewer public health issues from the flooding than feared.

But the achievement of many of the targets has been frustrated for a multitude of reasons:

- energy costs increasing by over 40%; which as nearly 70% of GWI's costs are for power, severely limits the amount of water that GWI can afford to pump to customers;
- the effects of the disastrous flooding in 2005 and re-allocation of funds to meet these demands, delaying planned improvements with a direct impact on GWI's ability to meet targets;
- the difficulty of recruiting and retaining suitably-qualified Guyanese staff and senior management, and
- the lack of timely local decision-making on STWI proposals, including approving investment and appointing key Guyanese management and technical staff.

As part of the transfer to an entirely local management team, STWI has proposed a transition plan that will facilitate an orderly handover and ensure the successes realised are secured for the future in a sustainable manner. Discussions continue on the transition plan for GWI.

STWI has provided water management services for nearly 20 years across the Caribbean and Americas, working with utilities in Mexico, Trinidad, Argentina, Peru and elsewhere. We are proud of the solid achievements and improvements that have been realised through our work with GWI during the past four years. GWI is now in a position to continue the drive to improve water services for the benefit of the people of Guyana, and STWI wish GWI and its management team well in that endeavour.