

## Latin America needs to fight water inefficiency

Friday, December 6, 2013

### Shimon Constante

Regional vice-president of business development  
Miya

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*Latin America has enough water to satisfy the bulk of its needs... but is wasting it.*

*Water companies are not charging for almost half of the water they provide given leaks, clandestine connections, undercharging, delinquencies and weak infrastructure.*

*Mexico City, São Paulo and Lima average a 38% water loss rate, and that indicator jumps to over 60% in Panama or Puerto Rico.*

*Development bank CAF has estimated Latin American countries lose US\$5.78bn a year due to delinquencies, over employment in the industry and water lost due to misused or broken pipes, more than the US\$4.4bn the industry invests in every year.*

*Inefficiency gets to such levels that while the UN suggests that each person needs 20-50 liters of water a day to ensure their basic needs for drinking, cooking and cleaning, in Buenos Aires residents consume 500-600l a day.*

*BNamericas discussed this issue with Shimon Constante, regional vice-president of business development of Tel Aviv-based Miya, a firm that works with water companies to improve efficiency.*

*In Latin America and the Caribbean, Miya operates in Brazil, Colombia, Puerto Rico and Bahamas.*

**BNamericas:** How serious is the impact of water losses in Latin America?

**Constante:** The global water loss rate is close to 30%, while the average level in Latin America is 45%. However, we find cases such as Puerto Rico, whose loss rate has gone up to 67%.

**BNamericas:** Why?

**Constante:** Loss reduction activities are relatively simple at an engineering level: managing pressure levels, repairing pipes and leaks... Where do water companies fail? In managing a project to reduce losses because they are consumed by their daily activities. They cannot build a long-term, 10-year strategy and set drastic loss reduction targets.

**BNamericas:** How can water companies be efficient?

**Constante:** The most important thing to reach efficiency is a very strong management commitment. You have to rate the efficiency and loss reduction project as of high importance. And to actually get the efficiency that is needed, first you need to align the whole organization and give a bonus to employees tied to loss reduction levels.

[Brazil's] Sabesp did it for many years. Employees knew that if they cut or maintained low loss rates, they'd get a bonus.

**BNamericas:** But goodwill alone is not enough. What more is needed to reverse these losses?

**Constante:** An organizational structure in which there is a unit dedicated to loss reduction and efficient water management that depends directly on top executives. Many companies have such units, but unfortunately, many times those who manage the programs don't depend on top management ... so there's no coordination. In addition to this, priority is always the immediate problem and not the plan. One key element to reduce losses is to actively and preventively detect leaks. Over 80% of leaks are invisible.

**BNamericas:** Is it possible to eradicate losses, whether natural or commercial?

**Constante:** From an economic perspective, physical losses [leaks] have to be considered from the production cost point of view. In commercial losses [delinquencies, clandestine connections, undercharging], we need to consider the sale cost. We help water companies to reduce these losses, both losses. What we seek in this analysis is to understand the inflection point of these losses, which is up to what point I benefit from reducing them. Why? Because, part of the premise is that after a certain point it makes no sense to invest more [to reduce those losses].

**BNamericas:** Which weighs more, physical or commercial water losses?

**Constante:** Commercial losses are greater, so we attack them first to get funds to then recover physical losses. Typically, you will find that physical water losses measured in cubic meters vary between 70-80% and commercial losses in cubic meters are 20-30%. However, the economic value of that commercial loss represents 80% of the total.

**BNamericas:** How can consumers make better use of water resources?

**Constante:** We are doing projects in schools to teach water efficiency, in which we teach children how to achieve an efficient consumption. In the Bahamas, we took them to the streets to detect leaks. We analyzed if household consumption fell... reports of leakage in houses increased and that helped a lot.

Part of the reason why consumption increases is the lack of confidence in the water system. You have many people in Latin America who don't have a continuous water system; some people have water two days a week or three hours a day. What do people do in these towns? They build a large water tank, which typically has leaks, gets polluted... and that's a terrible waste of water.

By educating, we will reduce the average consumption per day per person. But also by creating more efficient systems, people are not going to waste that much water when they find that when they open the water tap there will be water.

**BNamericas:** Where is your focus in Latin America?

**Constante:** A week ago, Peru approved a water efficiency law that forces companies to be more efficient. The same thing is happening in Mexico with [national water commission] Conagua. Conagua is releasing many tools and assembling structures that facilitate loss reduction projects with multilateral financing. We see Mexico and Peru as two important countries for us in coming years. We're looking with great interest at Panama, a country with high lost water rates of more than 60%.

## About Shimon Constante

Shimon Constante leads Miya's business development and sales in Latin America and Spanish speaking countries in the Caribbean. Over the past 13 years, he has been involved in establishing numerous technology companies.

## About the company

Miya optimizes water supply in urban water systems worldwide. It partners with utilities to design and implement comprehensive technology-based solutions that significantly improve the client's financial and operational efficiency, while also enhancing customer service levels, reducing energy consumption, and lowering contamination and health risks.



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