

Comité 21



Paris, 25 June 2009

THE CONSULTATION PROCESS AT SUEZ ENVIRONNEMENT

SUMMARY OF DISCUSSIONS WITH STAKEHOLDERS
"ACCESS TO WATER" WORKSHOP
MEETING HELD ON 28 APRIL 2009

Foreword

As part of its Sustainable Development policy, Suez Environnement has undertaken a process of external consultation with Comité 21 (French committee on the environment and sustainable development) to identify the analyses and expectations of a panel of experts in this area. The aim of our dialogue with stakeholders is to improve the coherence between the company's strategy and the requirements of civil society, and to discuss our commitments to Sustainable Development. In time, this type of dialogue will help the company to specify its commitments and to design its action plan as a result.

In 2007 and 2008, Suez Environnement held four consultation meetings in Paris and New York. Attendance included some 100 representatives of the Suez Environnement group and external stakeholders representing Associations, researchers, professionals, institutions and local government.

Four themes emerged during the sessions: corporate sponsorship, transparency, participatory public-private partnerships (4P model) and dialogue. Comité 21 recommended that Suez Environnement extend this consultation exercise and to consider all of its business lines - water and waste, to include new stakeholders and to maintain the project dynamic within the company.

In 2009, Suez Environnement is pursuing the process of consultation with external stakeholders in the water business. **On the first day, 28 April 2009, stakeholders were invited to give their views on corporate sponsorship and the 4P model.** Two representatives from the Suez Environnement group answered questions and explained the company's undertakings. The two remaining subjects, transparency and dialogue, will be tackled before the end of 2009. An initial consultation session with external stakeholders in the waste sector will also take place at the end of the year. Finally, a plenary session will be held early in 2010 to close this cycle.

Comité 21 mobilized the stakeholders and chaired the meeting to ensure that all participants followed the rules that were agreed to promote a calm and quality debate with a view to making a practical contribution to the company's policy of continuous improvement. Comité 21 was also tasked with writing up the summary of the consultation, which took place in the framework of the rules devised by Comité 21 and approved by the participants as a whole, i.e., confidential dialogue, comprehensive answers to questions and dialogue led by Comité 21.

This first consultation meeting with external stakeholders was applauded for the quality of both the form and content. The company committed to reporting on its decisions regarding its undertakings and their operational transposition in the company in view of the expectations expressed.

Summary of discussions

During the morning, the stakeholders divided up into two sub-groups dealing with a theme each, one covered corporate sponsorship, and the other the 4P model. The afternoon commenced with the minutes of the discussions during the sub-groups, followed by a question-and-answer session on the challenges common to both issues, such as complementarity of actors and continuing the dialogue process.

CORPORATE SPONSORSHIP WORKSHOP

a) Company's presentation:

The '**Suez Environnement For All**' foundation was established as a medium through which the company could support projects in areas of the world it does not normally work in. It promotes sponsorship actions to encourage access to water, sanitation and hygiene (health and waste management). A second objective of the foundation is to disseminate knowledge and know-how in this field. It is hosted by the Institut de France.

3 budget lines:

- **funding of development or humanitarian aid projects (50%)**, particularly through Aquassistance, a Suez Environnement group association of volunteers working in the field in their free time.
- **knowledge transfer (33%)**: improving skills in developing countries *through* the creation of a teaching chair with ParisTech and ENGREF (first promotion in September 2009), and the creation of a 'Water for All' Grand Prix, an annual prize to reward two exemplary innovations from Universities or Research institutes.
- **operating and communication costs (17%)**.

The foundation is the means through which Suez Environnement can build partnerships and create relations built on trust, discussion and learning. It also increases its knowledge of areas in which it does not usually operate and improves its operating principles in areas it knows.

b) Questions from stakeholders:

A first series of questions dealt with the Foundation's **mission and its operation** (project selection criteria, principles of action, etc.):

- Why did Suez Environnement decide to create a Foundation? What is its **primary goal**? Is to "make its behavior tolerable" to stakeholders, to reduce its taxes, to generate a social link in the company, to gain more knowledge on the ground? Or, is the objective of the Foundation to serve as "a human and social laboratory, removed from the pressure of the market" to effect in-depth change within the company, against the backdrop of the current crisis?
- The report from the workshop gives the "**ideal identity**" for a foundation (taking local democracy, territorial development, the capacity to generate leverage, etc. into account). Do we need yet another general foundation in the water sector? Would it not be better to promote a foundation that would help to create local water and sanitation operators?
- What is the **scope** of the Foundation's work? Does it only operate in countries where Suez Environnement already has a presence, or also in other regions? And what about France?

- Are its **impact objectives and criteria for success** set in advance? How are projects selected? For example, does selection depend on the number of beneficiaries - more 'profitable' in terms of brand recognition, and leave out the most inaccessible population groups (e.g.: mountain regions), or does it depend on meeting millennium objectives? Does the Foundation support other humanitarian projects?
- Has the company set longer term **financial goals** for its Foundation? Would it not be better to institute ongoing co-financing with institutional backers to achieve a substantial impact, rather than "diluting" the effect of the funding over an array of small projects?
- When it comes **Foundation prize**, how is information exchanged with other organizations who give out awards, especially as regards highlighting the structures that made the shortlist but were not amongst the final prizewinners? Is it not an illusion to assert that a project is "reproducible"?

Questions were asked about the company's **business model** and the need for it to evolve. Notably, stakeholders asked about market segmentation and the risk of a gulf between its traditional business and its stated ambitions in the areas of corporate sponsorship and sustainable development:

- Does the current drive to economize water and reduce waste not **run counter to the company's interests** (c.f. the challenges of water privatization in India, which only benefits one section of the population)?
- Can the reasoning of increasing **shareholder value** be reconciled with the principles of sustainable development?
- The stumbling block for shareholders is not so much the question of whether or not the company should be engaged in alternative activities of corporate sponsorship, but rather whether it is capable of conducting **business as usual** but differently (more extensive sharing of its knowledge, a greater degree of openness to societal problems, etc.). Are Suez Environnement's shareholders and stakeholders ready to listen to this message?
- What about a **flexible system** according to which the company would make a financial commitment to corporate sponsorship, based on its year-end results? On the other hand, what would happen if the company's shares started to fall?
- A **presentation of an actual project** belonging to the "intermediate category" between sponsorship and *business as usual*, (which is a rather "fuzzy" area), would have been welcome.
- Do the members of Aquassistance feel "**torn**" between the practices in the company and those they find in associative structures? Associations like Aquassistance can play a positive role in reconciling "business" and "humanitarian" viewpoints, both of which are necessary.
- Do **personnel evaluations** take employees' ability to mobilize through Aquassistance into account?

Stakeholders were interested in the issues surrounding **local development** and related constraints:

- What is Suez Environnement's position on territorial **usage conflicts**, between the city and the country, and upstream and downstream in mountainous areas? It would be particularly interesting to ask these questions in terms of "catchment area".
- **Local development** is not simply a technical question (water supply, etc.), but also involves relations between people, the right to vote, the role of women, etc. Can companies redefine their role, as NGOs did by becoming "leaders of civil society" and mediators?
- In this framework, how could the company contribute to fostering the emergence of a true **counter-power** in civil society, to ensure that decisions regarding the use of resources are actually equitable? This is all the more difficult as the populations are often disorganized and the social structures nonexistent. The

- company should include stakeholders, including NGOs, early in the process of strategy formulation, in a structure tasked with helping to select projects.
- More broadly speaking, to what extent are all the limitations particular to an area taken into account **from the early stages?** For example, some mountainous regions do not have a monetary system. The introduction of cash and financial resources could represent a danger for them. On the other hand, local actors may sometimes seek *business* to leverage the profits generated by the water and sanitation sectors as a development tool. What is the position of Suez Environnement in this context?
 - Finally, it would be relevant to create **partnerships** between NGOs and financial backers to create true leverage and better respond to local needs, based on the partnership workshop model created with the Fondation Ensemble (sharing of expertise between NGOs). Enterprise could learn from NGOs and vice versa (c.f. GRET/Suez Environnement projects in Senegal).

They also focused on the **sometimes significant areas of convergence between enterprise and NGOs:**

- The NGOs believe that it is actually possible to build an economy of water and sanitation for the most destitute populations and want to **support** Suez Environnement in this process.
- NGOs can also be **called on** by companies and this is what some expect from the dialogue with Suez Environnement: do their donors, such as company shareholders, wish to see their donations invested in actions (like the funding of local democracy or changing the relations between North and South) which fall outside of the framework of their normal missions? How far are they willing to go to support them?
- Nonetheless, they shared a certain degree of **frustration** after the morning workshop, because they felt that the process "was not making much progress". What about truly **institutionalizing** this collaboration? Suez Environnement must show that it is ready to work "harder and in more depth".

c) The company's answers:

> *Mission and operation of the Foundation:*

The company is aware that it is engaged in public service activities in the general interest, which in turn confers a **specific responsibility** on it. It does not want to "salve its conscience", nor are tax deductions its prime motivation.

The Foundation's aim is to **serve the entire world population** (it operates in France and internationally). It works more, but not exclusively, in countries where the company does not have a presence, to avoid a situation where its action may be perceived as a means of penetrating the market. Nonetheless, in an emergency, the company is more inclined to intervene in countries in which it has operating units which can optimize its actions. Having a partner to work with is one of the eligibility criteria for Aquassistance, which is generally not the case in very landlocked areas. Initiatives in France designed to help poor or disadvantaged groups tend to fall within the remit of the group's operating subsidiaries (e.g.: actions by Lyonnaise des Eaux).

The foundation **assesses its impact** by looking at the number of people benefiting from each project (based on the Millennium Goals) and by endeavoring to allocate projects to actions with a multiplier effect. A mere one year old, the Foundation has much to learn, hence the purpose of this consultation. Moreover, Suez Environnement faces a number of **"limiting factors"** in terms of human resources and its capacity to intervene. As an operator, it cannot replace local actors.

The **Foundation's prize** is aimed at disseminating practical know-how appropriate for vulnerable areas. By "reproducibility", the company means that the technology receiving the award must be simple enough to implement so that it can be easily developed in countries with limited resources. Some submissions are subject to the payment of property rights, and therefore these were rejected.

> *The company's business model, market segmentation, and risk of a rift between stated values and actual practices:*

How **we conduct our business** changes over time (e.g.: we no longer cut off supply to families unable to pay their bills). This is a change for Suez Environnement, switching from a billing system for water based on volume to stressing the protection of the natural resources, which was also the case in the waste sector (where waste becomes a resource). This new approach does not constitute a challenge to the requirement for the company to be profitable (c.f. the German water market).

The term **business as usual** is not very appropriate, as it harks back to countries or regions where business is carried out according to old *business models* and contracts. However, there are an infinite number of contractual methods, and therefore it is hard to envisage uniformly amending traditional contracts.

As regards **segmentation**, the company would point out that the dividing lines between the three segments are not 'watertight', and that the aim is not so much to provide a schematic description, as to endeavor to ensure its actions are consistent within a context where a very large range of varying situations co-exist.

The impact of **employee involvement** in these issues is "quite extraordinary" and extremely beneficial in terms of in-house involvement. There is a "noble" and "missionary" dimension to this sector and employees are pretty well aware of the environmental and public service issues involved. Suez Environnement does **not feel that there is a rift** between its practices and the humanitarian convictions of its employees. They are proud of the positive contributions made by the company and have a clear view of any mistakes that may have been made. Moreover, it is the company's view that it is normal to reward technical skills.

Employees' capacity to mobilize is not taken into consideration for their **evaluations**, as to do so would distort the rational approach to evaluations. Suez Environnement intends to leverage this "spontaneous movement" (c.f. mobilization in response to the Tsunami).

> *Local development:*

Suez Environnement defends the idea that essential domestic use must take priority over other usages and is totally opposed to privatization of the water resource (c.f. Chile). Accordingly, it is setting up **dialogue and consultation structures** involving all parties with an interest in management of water (c.f. local waste consultation committees in France).

On the other hand, it points out that it cannot "save the planet"; **governments have responsibilities**, particularly to arbitrate between conflicting uses. Suez Environnement cannot determine how people wish to be provided with a particular service. The decision to involve a partner who is familiar with the local context is in response to this necessity.

The company is involved in both rural and urban areas in **developed countries**. Note that the concept of catchment area is not appropriate in some areas of the world (e.g.:

Sub-Saharan or Tropical Africa), where the best approach is to use the available resource and investigate how to sustain that resource and prevent pollution.

The company stresses that it is not so much **the "private" management** method in itself that should be put under the microscope, but rather the way it is used, viz. the share of profits that the public management company reinvests locally. It is normal for shareholders to be recompensed commensurate with their capital investment. Private management "has its virtues" and can be a force for progress when it is well organized.

4P WORKSHOP

a) Company's presentation:

By a process of exclusion, the **4P model** that corresponds to the services market segment is neither the model for segment of the population able to pay for the services involved in creating a sustainable public service (business as usual), nor the model corresponding to the population segment unable to take part in a market economy (sponsorship).

The aim is to achieve the **autonomy and sustainability** of the system, following the failure of conventional contracts (concessions, combined contracts, etc.). To achieve this end, Suez Environnement intends to use a continuous, three-stage process, divided by key decision-making junctures (*go/no go* phases), which determine the appropriation of the planned solutions by the local authority and users. The aim of the 4P model is to be both 'participatory' and 'progressive'.

- A **participatory** model: risks are shared between the four types of stakeholders (local authorities, the operator, national institutions and civil society), represented on a *strategic advisory board* of all stakeholders set up to guide strategic decisions.
- A **progressive** model: a three-stage contract: diagnostic (two years), rehabilitation (five years), and autonomy (eight years). The operator must be able to rely on an independent and responsible civil society throughout the process, and on guaranteed funding.

The **next steps** will consist of defining objective criteria for the stages, the mechanisms and levels of payment of the professional operator, the appropriate financial mechanisms and the mechanisms for incorporating dialogue. Partnerships between operators are vital.

b) Stakeholders' questions:

It seems that the economic equilibrium of this model has yet to be found for the majority of stakeholders, who question the principles on which it operates:

- What is the major **difference** between the 3P and the 4P (or even 5P) model? Is it the creation of a public water service? If so, from when? What is the service quality level and on to what extent is the objective reached (taking a specific socio-economic context into account)?
- Is this goal **appropriate for all situations**? For example, in towns of less than 50,000 people, would Suez Environnement's role not be to facilitate the emergence of small private operators, which are crucial for the creation of local expertise?

- Many points were explained, but **theoretical work remains** to be done (in particular, project typology, contracting and transparency), as well as **case studies** (generating cash flow) before moving on to the implementation stage and convincing financial backers, especially as the extent of urbanization, the degree of poverty and the maturity of civil society (presence of a strong local authority, democracy, associative structure that can be relied on, etc.) vary significantly from region to region.
- More **discussion early in the process** is needed to determine if the model is feasible "to provide a fit between the type of service and the type of society". How far do we go to take local characteristics into account (consent to pay vs. ability to pay, for example)?
- A **balance** between 'fiscal solidarity and pricing' must be found so that the model is beneficial for all. For example, large cities generally do not want to subsidize smaller towns. Will mid-sized African towns have the **capacity** to generate sufficient *cash flow* to **pay** an operator?
- Also, what precisely should be paid for? Technical assistance expressed in person-days, a management contract expressed as a percentage of revenues? What about the 4P model?
- In this respect and to be "credible", there should be a more detailed and more **transparent** breakdown of profits, even if price is not the main selection criterion in a call for tenders: what costs and general expenses are taken into account? What is the expected level of profitability (0%, 2% or more)? Be careful not to exaggerate the expertise required to manage a water supply service for a small town. The figures advanced for the first two stages are too high (8 to 10% of revenue), all the more so as there is zero financial risk.

Many questions were asked about the principles of **consultation and participation** and the **role of those involved**:

- Roles should be clarified if we are to agree a **shared vision of sustainability** at local and national level. The strength of the 4P model may reside precisely in its capacity to find compatibility between the principles of the various actors (who are all legitimate) in a spirit of "harmonious partnership". Clarifying roles is in the company's interest, as it can guard against an "injunction" to move beyond its role and its skills.
- Dialogue between local actors could be generated by **financial backers**, who play a central role in the 4P model, despite the fact that they considered themselves to be subject to the arbitrariness of governments who "fix the rules of the game". This dialogue would give rise to, possibly with the support of decentralized cooperation, a contracting procedure, before an operator becomes involved.
- For their part, financial backers are of the opinion that they can only become involved in articulating the process between the local and national level if **project management is already in place**. Could the solution for the first stages of the model not be delegation and remuneration for investments outside the basic package?
- Are the first two stages not doomed to failure if financial backers do not play their role and if the **terms and conditions for calls for tenders** do not change? At worst, one could envisage legal action against a financial backer for failure to comply with their advisory obligations, in the framework of a general interest mandate.
- How do financial backers understand the issue of **profits** associated with this particular contract? For the 4P model to work and attract backers, **specific cases** must be detailed and **additional characteristic information supplied** (composition of the strategic advisory board, members' roles, criteria for the evaluation of sustainability and skills transfer, etc.). Would it not be more relevant to start from an actual practice, pilot and implement it, and then build a model that could prove its worth in other areas and in other contexts?

- The risk of the **model-based approach** (or process-based – term more appropriate?) and the risk of wanting to "adapt the area to the model" rather than the other way round.
- It is difficult to define a general framework in **poor countries** especially. The existing administrative structure and the local definition given to civil society (c.f. Burkina Faso) has to be taken into consideration.
- What does the concept of "authority" mean? Is it a reference to the client or the political authority in charge of managing a government plan?
- In some countries (e.g. Burkina Faso), where there is a clear national strategy, and where there are competent local partners and small private partners available, an operator such as Suez Environnement can act as the **prime mover**.
- It would be interesting for Suez Environnement to consider **partnerships** with operators in the South, in the framework of bids in response to calls for tenders. Overall, we know little about Sub-Saharan Africa and local needs for technical support and management methods.
- However, one should beware of reducing the management of the water supply to a game between different players. The **technical and equipment** aspects should not be forgotten.
- How can we resolve the issue of governments who **exploit operators for their own ends** (c.f. South Africa)? As an operator, Suez Environnement could play a part in developing **legal practices** in the sector, which are currently framed through bilateral treaties between two governments. The clauses are there, but it is possible to skirt them: why does Suez Environnement not specify in its present contract models that it accepts the contribution of outside experts (principle of *amicus curiae*) and that it bases its operations on basic principles, such as the right to access water?
- Whereas Suez Environnement cannot change the world, it can **change the behavior of its employees** (economizing water, for example). To what extent is the company prepared to invest so that its employees, either in the company or with an NGO, become instruments for social and attitudinal change?

Regarding the **process** over time:

- The attempt to formalize the process is "very welcome", and despite its theoretical aspect, the 4P approach has the advantage of offering a "**very long-term**" framework, which is vital (the concept of a "sustainable contract").
- Nonetheless, the model seems a little "**disembodied**" and would benefit from a more explicit statement of the content of the transition phase and the company's period of commitment. It is hard to understand the position of Suez Environnement in the final empowerment stage of fostering autonomy: does it withdraw from the company's capital?
- In addition, if we are referring to a "threshold approach" to include a review of the situation prior to the **actual commitment**, does the company make a commitment even if this diagnostic process yields a negative result? If not, is the sustainability argument tenable?
- In terms of the **training/transfer of skills** strand, how is it possible for Suez Environnement to assert that skills transfer is a major issue while at the same time hoping to remain in situ over several consecutive contracts? Do we not need to separate the provision of intellectual services from the activity as operator?
- Suez Environnement should amend its **criteria for evaluating success**. When a bid is not implemented (*no go*), it shouldn't necessarily be seen as synonymous with failure, but rather it could be proof that the local population is autonomous. Since payment in the first phase is linked to the next part of the process, is it not the primary criterion on which to judge success?
- Regarding the question of **calls for tenders**, they could include "test periods" or periods "at the operator's risk" combined with a particular type of payment. After the call for tender, a group of operators could be tasked with moving forward from

the work of the dialogue structure to a stage of fine-tuning the process, which could consist of a test phase and possibly a new tender process.

- Where are the **limits of the company's intervention** in terms of management? When the company realizes that a project is not sustainable, does it decide to withdraw, or does it envisage working on creating the elements required related to "societal structures"?

c) Company's answer:

> *The economic equilibrium of the 4P model:*

The **advantage** of the 4P model for Suez Environnement centers on image, market positioning and as a means of learning. It is not yet time to move to a commercial approach.

The figures given for **payment** for the first phase (7 to 8% of revenue) are given as an indication. In the future the figure will be based on a person-month calculation. An educational drive to make the content of the model more accessible should be undertaken (at present this is set out in a contract of more than 120 pages).

The aim of the **diagnostic stage**, which is flexible and lasts one or two years, is to define the country's actual needs. The 4P segment is suitable for populations who while they cannot afford to bear the actual cost of the service provision, are not dependent on an aid solution either. It is difficult for Suez Environnement to define its role in this context. The company does not want to take the risk of a contract where everything is "defined in advance" (investment plan, projects and performance indicators, etc.). The financial backer must commit to an amount from the outset, which will then be confirmed during the diagnostic stage. The *go/no go* junctures between the stages are designed to verify the sustainability of the project at regular intervals. If there is no agreement, the operation is stopped.

The question of changing **contractual practices** in the context of a dispute will be covered in future workshops. All contracts signed include an arbitration clause. Initially, Suez Environnement aims to ensure that it will be paid for the work it completes. The concept of *amicus curiae* raises the question of the representativeness and legitimacy of these bodies. If a militant body were sitting, it should not be considered as representative of the population. Beware of the "pernicious effects" of international solidarity (including embezzlement of international public funds amongst others).

> *Consultation, participation and roles:*

Suez Environnement does not present **financial backers** with a "finished product". It tries to generate discussion amongst all the actors. The backers do not fulfill the role of facilitator, but they look on themselves as actors in the development process in the framework of a contractual arrangement.

It is hard for Suez Environnement to share its new approach with public authorities (c.f. the failure of the call for tenders in Mozambique). The **political and cultural dimensions** are extremely complex and Suez Environnement cannot channel them alone. Suez Environnement takes a favorable view of North-South partnerships (c.f. links with the ONEP (Moroccan National Drinking Water Board)). **Aiding local operators** was one of the proposals made in the framework of the call for tenders in Mozambique.

The principles of the methods for organizing **dialogue** and consultation have been set for progressing from one stage to another. At key periods, the strategic advisory board can organize a public hearing with users and non-users.

There is also a real need **to develop organizational models** in both North and South (c.f. countries in Eastern Europe). Nevertheless, the 4P model is not suitable for some countries, such as South Africa.

> *Regarding the process over time:*

The objective of management contracts is to achieve autonomous and competent local resources. **Suez Environnement** is present throughout the process with peak employee numbers corresponding to the years in which the service is being built up. During the stage of fostering autonomy, the company enters into a conventional farming-out contract. In year 14, some Suez Environnement resources remain in place. If this model were experimented with, the first results would not be available for three or four years.

The decision on **go or no go** is based on common sense criteria and not on choosing whether or not to go into a country. Discussion takes place with all actors to enable the process to move to the next stage. Nobody should feel "trapped".

CROSS-SECTOR QUESTIONS

a) Company's presentation:

Complementarity amongst actors is a subject common to both workshops. How do we work together to provide the most autonomous water service possible for deprived populations? How do we clarify roles? What are the issues that make complementarity difficult to implement? During the 4P workshop, the issue was a lack of discussion forums. Does the problem have to do with these forums, or is more a question of clarifying roles?

b) Questions from stakeholders:

Concept of fostering autonomy:

- What exactly does "**fostering the autonomy of water services**" mean? Why tend inevitably towards an autonomous service? How is this a "virtuous principle"? While autonomy is desirable in some situations, it is sometimes better to create "interactions" between categories of users, between geographical areas and between water resource types (c.f. the concept of polycentric governance). Sustainability does not necessarily mean fostering autonomy (c.f. the case of small subsidized towns).

Stakeholders recapped on the importance of a **structured dialogue between actors**, a prerequisite for truly autonomous water services:

- Each case is "situated" from a geographical, cultural and historic perspective. Hence, success hinges on working on **specific case studies**, in the context of a process of dialogue and listening to all involved.
- Just sitting around a table is not enough to create partnership for local management of the water resource. **Representations from the various parties**

have to change to progress towards a shared project (the concept of "harmonized" partnership).

- Lastly, why not **duplicate** the "strategic advisory board" from the 4P model in the *business as usual* model? More broadly, contract law is a tool that could be used in this area.

Stakeholders also stressed the central role played by national and local **public authorities** in organizing management of water:

- The solution of the future is based on all the instruments of governance bringing stakeholders together **at national authority level**.
- The complementarity that exists between the principles of enterprise and of NGOs involved is secondary to the movement of **political legitimacy**: the main actor (the client) is the party that makes decisions, plans the operation and asks Suez Environnement to carry it out.
- At local level, **the authorities** in the broader sense of the term, are key players in the debate, because they gradually organize the water and sanitation sectors (like a "conductor" with the orchestra) in the relevant area before awarding it to a public corporation or an operator.
- However, whereas local government in France is fully **legitimate**, this is not the case throughout the world, especially in mountainous regions. Hence, we must be sure that the water resource is not appropriated by some population groups at the expense of others. Are all Suez Environnement's partners legitimate? Can Suez, while remaining a water operator, contribute to qualifying or consolidating a true **recognized local actor** in the early stages of the process?
- For France particularly, we need to think about the **evaluation criteria for government action** and especially water management. To what extent can private operators like Suez Environnement raise "deep" social issues in the framework of delegated management contracts?
- It was pointed out that it is not the company's role to act as "**a driver of social change**". This is the role of government.

Other points were raised:

- **Strengthening capacity** or **skills transfer** could act as the cement binding the three segments.
- Skills transfer is a **second business**, involving skills, commitments and financing, etc. What role does Suez Environnement want to play in this second *business*?

c) The company's answers:

Autonomy – or sustainability - takes place when the service can operate independently of outside funding. The number of actors involved represents the main difficulty in implementing participatory processes for Suez Environnement.

Knowledge transfer, which is relevant also for Northern countries, takes place in all types of ways: technical assistance, management, concession, farming-out or 4P. Suez Environnement can make this a *business*, as it does in Algiers. However, technical assistance is not its specialty.

Lastly, the "painful" question of **the selection criteria for choosing partners** concerns all institutions (companies, financial backers and NGOs). Suez Environnement may have a presence in an undemocratic country and still play a positive role for its population. This raises the question of the legal protection of the business.

CONTINUING THE DIALOGUE PROCESS

a) Comité 21's presentation:

Comité 21 suggests gathering the assessments and reactions of stakeholders regarding the principle of consultation, the schedule, format, consultation rules, panel of stakeholders and the preparatory documents distributed earlier.

b) Questions from stakeholders:

Although they found this consultation day to be "very interesting", stakeholders did not have enough **material** on the content to enable them to properly advise the company:

- Precise and emblematic case studies should be presented to generate **more concrete discussions** and in-depth analysis and to avoid a "ping-pong" effect. Suez Environnement could ask stakeholders how they would have acted in its place. This recommendation has been put forward already (during the last session).
- To what extent could the very "asymmetrical" **consultation exercise with Comité 21** be more balanced, especially by giving the company the opportunity to make comments to the stakeholders?
- We should **return to the two issues** (sponsorship and 4P) in another meeting, because the Foundation is only one year old and the 4P model has not yet been implemented on the ground. For one of the stakeholders, the information provided on 4P raised more questions than it answered.
- There are not enough users, shareholders or representatives of some sectors, such as professional associations, water engineers, municipal engineers, etc. amongst the **stakeholders**. They could be powerful vectors for building local project management.

As regards the form, stakeholders deplore **dividing the group in two** for the workshops and wonder about the principle of **confidentiality**:

- It may have been **more constructive** for them to take part in both workshops. On the other hand, the format of the day should be retained, with the all-important informality of lunch.
- **Confidentiality** was debated: some stakeholders felt that it is not justified and others felt that it protected them against the risk of being exploited. It may even facilitate the participation of some actors for whom the corporate culture and dialogue process are "alien".
- Lastly, the principle of confidentiality does not prevent stakeholders from making their demands and explaining their participation in the consultation process. In any case, has any real confidential information been divulged, asked one?
- A technical **overview** of the "life of a contract" from the outset to termination would have been appreciated in the 4P workshop.

COMITE 21 RECOMMENDATIONS

The outcomes of this first workshop were:

- **signification mobilization of stakeholders, with a fairly balanced panel:** of the 37 stakeholders approached, 22 were present (60%), including 9 NGO/Associations.
- **Turnover of stakeholders:** only five of the 22 present in 2009 participated in one of the two previous sessions (2007 and 2008).
- **Participants who are familiar with the company:** 3 NGOs have significant financial links with Suez Environnement, while others are in the process of negotiating with the company.
- **A large majority of Sustainable Development/sponsorship and communication departments (80%).** 2008 was marked by a greater diversity in the functions represented and more senior managers.
- **"Hieratic" mobilization** of representatives of Suez Environnement and GDF SUEZ: 19 of the 21 employees expected were present, with many leaving in the course of the day.
- **Projects still in the early stages:** whether corporate sponsorship or the 4P model, the company had little feedback from experience to share.

Comments:

- The high rate of participation denotes a real **interest in this consultation exercise on the part of stakeholders**. They appreciated both the content (relevance of the subjects, progress made) and practical organization of the proceedings.
- Of particular interest to them was the opportunity to **talk to other stakeholders** and to find out about **the company's CSR strategy**. They welcomed its quality and general performance.
- In the future, Suez Environnement will be expected to show the **coherence** between its stated ambitions and concrete achievements. Stakeholders want the company to "take action" and fundamentally change its organization and practices, or risk being having to face a **feeling of "being used"**.
- This risk is all the greater in view of the low **level of mobilization** of its representatives, which could mean that the **opinion of stakeholders is not essential** for Suez Environnement's social policy.
- We could ask to what extent the many financial links between the stakeholders and Suez Environnement constitute an **obstacle to discussion**.

Comité 21's recommendations to the company:

- **To send a clear and positive message** to stakeholders during the next workshops, on the importance of this dialogue process for the group, and to mobilize more of its representatives.
- **To add to the "raw material"** provided to stakeholders during the consultation (**case studies, feedback from experience, etc.**), to ensure that discussion is fruitful and a source of real progress for the company.
- **To limit the participation** of stakeholders with whom it has strong links (e.g.: set a financial ceiling that cannot be breached).
- **Do not break the panel up into two sub-groups** (sponsorship/4P) as it creates a feeling of frustration.