

## **On Summer Davos, TaKaDu Shows the Connection between Water Prices and the State of Water Networks**

*TaKaDu, a World Economic Forum 2011 Technology Pioneer, Shows that Low Water Prices are Linked to Inefficient Water Distribution and Poor Water Efficiency*

**Dalian, the People's Republic of China, and Yehud, Israel, September 14, 2011** – Today, as the Annual Meeting of the New Champions 2011 (“Summer Davos”) opens in the People’s Republic of China, TaKaDu, a Water Infrastructure Monitoring pioneer, released research findings that show the connection between water prices and water loss rates. Water loss is a key metric that impacts the sustainability, conservation and efficiency of water networks.

In some of the world’s cities, water is priced lower than the costs to pump and transport it, let alone sustain its delivery infrastructure: the network of pipes, pumps, reservoirs and valves that brings water to our homes. In some places water is free.

The question raised by TaKaDu’s research was whether the price of water also affects water loss rates. Theoretically, water underpricing can lead to undervaluing of water and underinvesting in the water distribution network.

Water pricing doesn’t impact residential consumption alone. Globally, only about 10% of water is used residentially, while the remaining 90% is used for agriculture and industry, so water mispricing obviously affects the way all sectors use water.

According to the World Bank, about 25%-30% of water supplied to urban water networks is lost before reaching its desired destination, the end user. Cities surveyed by TaKaDu have water loss rates of 4% to 62%. Non-Revenue Water (NRW) is typically attributed to insufficient maintenance and old infrastructure. Many Western-world water networks were built in the 20th century, but some networks have aged and now include elements aged 100 years or more, requiring constant maintenance. In general, policy makers in the Western world state that the water sector suffers from a growing infrastructure deficit. For instance, in the United States, the American Society of Civil Engineers (ASCE) estimates a 5-year shortfall of \$108.6 billion in water and wastewater infrastructure.

TaKaDu’s research, based on information from 42 urban water networks all over the world, found that higher water tariffs are associated with lower water loss and a more sustainable outcome. In most cities where the price of water is very high or very low, low and high NRW rates are observed respectively. This holds true across different countries and regions.

Thus, when setting policy and water tariffs, policy makers should consider all possible implications of low pricing to avoid infrastructure deterioration. Regulatory tools such as on-going benchmarking of water utilities and incentives for improved performance can be used, as well as a tiered pricing model for domestic consumption.

“Water is not the new oil”, said Amir Peleg, Founder and CEO of TaKaDu. “In terms of its economic value and the fact that there is no replacement for it, its value is greater than oil. Our mispricing of water leads to an increasingly vulnerable water infrastructure that doesn’t just waste water and energy. It also risks our future ability to support large metropolitan centers, all of which are dependent on an adequate water supply. Our challenge for the future is to balance the factors that lead to mispricing of water with the real need to make the water network better, so it can carry us into the 21st century”.

Mr. Peleg also commented favorably on how utilities in Asia Pacific are dealing with water loss: “Asia Pacific is undergoing rapid urbanization, putting its NRW rates under increased scrutiny. Its NRW rates range from a low single digit number in Singapore and Tokyo to above 50% in Jakarta and Manila. However, having met many Asia Pacific utility CEOs, I was impressed by the vigorous attention paid to these issues and the significant reduction in NRW already achieved by utilities in Manila and elsewhere”.

“As a leader of the Smart Water Networks revolution, TaKaDu is taking an active role in researching the state of the water sector”, said Rotem Shemesh, Research Analyst at TaKaDu. “This report is the result of our market studies and research investment and we believe that sharing some of our internal research can bring benefits to others as well. TaKaDu plans on researching additional water related topics and sharing the results with the general public”.

TaKaDu’s latest research can be found at <http://www.takadu.com/category/research>.

### **About TaKaDu**

TaKaDu is the global leader in Water Infrastructure Monitoring, providing a Software-as-a-Service (SaaS) solution for water utilities. TaKaDu's solution detects, alerts and provides real-time insight on leaks, bursts, network breaches and other network inefficiencies. The solution is based on complex algorithms which analyze existing online data from meters within the network (flow, pressure, etc) and external data (weather, holidays, etc). TaKaDu’s patented technology is easy to deploy, requiring no network changes, no additional devices and no capital expenditure. The service is in use by leading water utilities worldwide. TaKaDu is a founding member of SWAN (Smart Water Networks forum). The company has won several industry awards, including the prestigious Technology Pioneer 2011 award from the World Economic Forum.