

EXPORTING ISRAEL'S WATER KNOW-HOW

At the helm of Israeli water company – Tahal – current president and CEO, Saar Bracha, has doubled the company's sales to \$220 million over the last four years. The company has grown internationally and is now providing projects in Ghana, to India and even the coldest major human city on earth in Siberia.

By Jeremy Josephs



Israel's first prime minister was not a talented water science engineer. Yet David Ben Gurion knew perfectly well that the number one challenge of the fledgling state was to transform its arid, ancient lands into the fertile fields of a modern state. He had a vision: to make the desert bloom.

With that unrelenting brief in mind he set about establishing Tahal Group (a Hebrew acronym which translates as Water Planning for Israel) in 1952 and immediately gave the green light to its first major engineering challenge - the design of the National Water Carrier.

This would in turn cater to the water needs of dozens of other national infrastructure projects. "In other words," says Saar Bracha, Tahal's current president and CEO, "Tahal is the story of the state of Israel. And the state of Israel is the story of Tahal."

A story destined to end with the corporate equivalent of a happily ever after? "Well, not exactly, no," Bracha admits. "Because the drive for profits was never Tahal's number one priority. Back in the 50s we had to find our resource, treat it and transport it. Then in the 60s we went overseas to showcase

our capabilities in water and agriculture. Our early years were with the mindset of a country - not a shareholder. Our goal was to roll out Israel's expertise and reputation in water with a view to winning over new friends and allies.

"With water as our number one export it was all about relationship building - almost an arm of foreign policy. We were writing and implementing dozens of countries' national master water plans. You would quite reasonably have expected the revenue to have been in the billions. But it was not. So since my tenure and during the last four years

Tahal is going through a huge change with one clear goal - to retain our earlier, idealistic DNA - without any shadow of doubt - but at the same time to ensure that our bottom line and financials are knocked into shape."

International projects

With around one thousand employees operating in over twenty countries and with annual sales of around \$220 million, Tahal's branding is a broad brush indeed. The company's strapline runs as: "Implements integrated and sustainable projects in the areas of water, wastewater, agriculture, waste and natural gas as a one-stop provider of comprehensive project services."

This could easily be dismissed as hyperbole were it not for the fact that it happens to be perfectly true.

Take Tahal's Quiminha Integrated Agricultural and Regional Development in Angola: a massive 5,000 Ha of agricultural settlement to be located a few dozen kilometres south-east of the capital Luanda. This project happens to be particularly close to Bracha's heart. The objective is for over 300 Angolan families to move there, each receiving a 30 Ha plot of land and a 100 square meter house built to Western standards.

To say that Tahal's remit was daunting is certainly no exaggeration either. Tasks undertaken to date include the clearing of landmines and undetonated warheads, bringing water from the nearby lake, installing electrical infrastructures, sewage systems, roads and even building a school and other public buildings that serve the local population.

"We were already present in Angola having prepared a shoreline master plan and later a 400 km water distribution network in Luanda," says Bracha. "So we could see the catastrophe they were dealing with in terms of food security. They were importing more than 90%



Eshkol reservoir project, Israel. 80% of Tahal's business is outside its home country

of their fresh produce. With our client, the Ministry of Agriculture, we found the location and established a feasibility study which went right through to detailing how much a kilo of tomatoes would cost in the local market before the project and after - a full blown turnkey."

He continues: "We also organised the financing. It confirms to me what I have long believed - that water projects cannot and should not be tackled in isolation from broader issues of food security and development."

Head up diagonally to the north east up through Africa and you will find Tahal retained by Ghana Water Company in its '3K Project'. This refers to the Kwahu Tafo, Kumawu and Konongo water supply project: a \$236 million contract designed to rehabilitate and renew the water supply systems in the Kwahu-Tafo and Konongo areas, supplying water to a projected population of over half a million souls in 50 rural settlements.

Yet Tahal has been present in Ghana for decades. "In fact I was with one

particular Ghanaian Minister not so long ago," Bracha confides, "And he said to me 'you know for us Tahal is the Coca Cola of the water industry'. Which was of course extremely flattering. But it made me realise that we could and should be heading towards being an even larger and more successful corporation ourselves."

Colder climates

To Bracha it was clear the Ghana minister meant setting out to places far removed from the equator and the lush, tropical rainforests of Africa. And precisely why he soon found himself sitting on a plane heading towards Yakutsk. A remote area of eastern Siberia but with average winter temperatures of -34c - a somewhat inhospitable location which has the dubious honour of being the coldest major human city on earth. It's probably as well that friendly locals are at hand to warn you against the perils of wearing spectacles outdoors on the not unreasonable grounds that the metal of your glasses is likely to stick to your cheeks and will tear off chunks of flesh as and when you decide to remove them.

Bracha soon found himself signing on the dotted line with Russia's Vodokanal for the planning, design and construction of a water treatment plant and pumping system with a capacity of more than 100,000 m³/day, another turnkey project set to last for 3.5 years and worth around \$67 million with the

FAST FACTS: SAAR BRACHA

Born: 1970

Education: B.A in Business Administration; LL.B. Law degree.

Past Positions: CEO, Baran International Division 2009 - 2011; CEO, Baran Americas Inc. 2007-2008; CEO, Baran Telecom USA 2004 - 2007; CEO Baran Asia Pacific 2001-2004; VP Business Development Baran Group 1999 - 2000.

Positions in Public Bodies: Ministry of Agriculture, Minister's Senior Assistant for international trade 1997-1999.

Number of Years in Position: Four

RECENT INTERNATIONAL PROJECTS

Project name : Quiminha

Client : Ministry of Agriculture, Angola

Scope: Design and implementation of an integrated rural development project of 5000 Ha

Value: €142 million

Project name: 3K Ghana

Client: Ghana Water Company Limited (GWCL)

Scope: Design and construction of WTP - 42,000 m³/day

EPC Turnkey project, including preliminary studies, conceptual design, detailed design, equipment procurement and supply, and construction for a new water supply system in the Kumawu area, and for rehabilitation and renewal of water supply systems in the Kwahu-Tafo and Konongo areas, to supply water to a projected 2025 population of 553,000 in over 50 settlements.

Value : \$236 million

Project name: Makis, Serbia

Project name : Makis 2 Water Treatment Plant

Client: Water Board Belgrade and Belgrade municipality, Financed by EBRD

Scope : Design and construction of water treatment plant for the city of Belgrade including SCADA system, with capacity of 200,000 m³/day

Value : \$28 million

majority of funding provided by the European Bank of Reconstruction and Development (EBRD).

"We are not that active in Latin America", Tahal's CEO explains, "because the competition is there and the know-how built. Whereas both Africa and South East Asia are less

mature markets and booming again."

Middle East bridges

More than 80% of Tahal's activity is outside of Israel but what about water issues closer to home?

"I am running a water company," he says. "I am not a politician. But my personal view is that yes, water and food security could and should be used as bridge builders between Israel and its neighbours.

"Of course water loomed large in our existing peace agreements with Egypt and Jordan. Thanks to our five major shoreline desalination plants here in Israel we are now able to fully meet our water requirements. But our neighbours lack water. So it's not rocket science to say that the opportunity and potential for reaching out and bridge-building via water is clearly enormous."

Tahal was behind the feasibility study for the United Nations several years ago concerning the Dead Sea Red Sea project.

"Unlike most group managers and engineers, I am not an engineer myself - I did law and business studies. But in our type of business, Tahal's time to market is relatively short, sometimes

the way we pitch and sell is pretty up front and out there, and we are similarly aggressive when it comes to achieving our KPIs - not only in our sales and profit, but no less important in our quality and timeline commitments to customers."

Bracha says that for a 63-year-old company, he's not your "typical CEO", being in his mid-forties.

"I spent seven years in the US and three in Thailand - but working for a different group," he says. "I am really happy to have come home. It's what I wanted - even though we were 'living the American dream' while based over there. So why come back? Because I also wanted my kids to get some of that Israeli energy and oomph into their own DNA."

Israeli oomph

Of course oomph is unlikely to feature on any business school curriculum or MBA programme. But maybe it should. Because since Bracha took over as Tahal's CEO just four years ago the group has almost doubled its sales. He recently returned from India having closed a huge \$80 million mega project for the government of Karnataka. Efficiency is up. Overheads are down.

A combination of a streamlined management team and talented engineers means that the company is expanding rapidly. So what Israel's first prime minister - David Ben Gurion - make of Tahal's presence in dozens of countries around the world?

"I really do believe," Bracha concludes, "That he would say that Tahal is the story of the state of Israel. That we were born as a nation just 67 years ago. The goal then was just to provide drinking water to our people. And look where we are today. Of course I am extremely proud of that - while at the same time not for one second being complacent. I am fortunate to be running Tahal. Because we are doing good by bringing clean water and food to people all over the world. We are exporting Israel's expertise in water and agriculture. And improving our bottom line in the process. What more could I - or for that matter David Ben Gurion - possibly want?"

Jeremy Josephs is a freelance writer for VWWi magazine. For more information on this article, contact: tomf@pennwell.com.



The 3K Project in Ghana is a \$236m contract to renew water supply systems