



11th European Week of Regions and Cities
OPEN DAYS Brussels
7 - 10 October 2013

WORKSHOP ON ADMINISTRATIVE CAPACITY FOR THE MANAGEMENT OF ESI FUNDS

Good Practice Examples: Changes in the Water Sector in Portugal

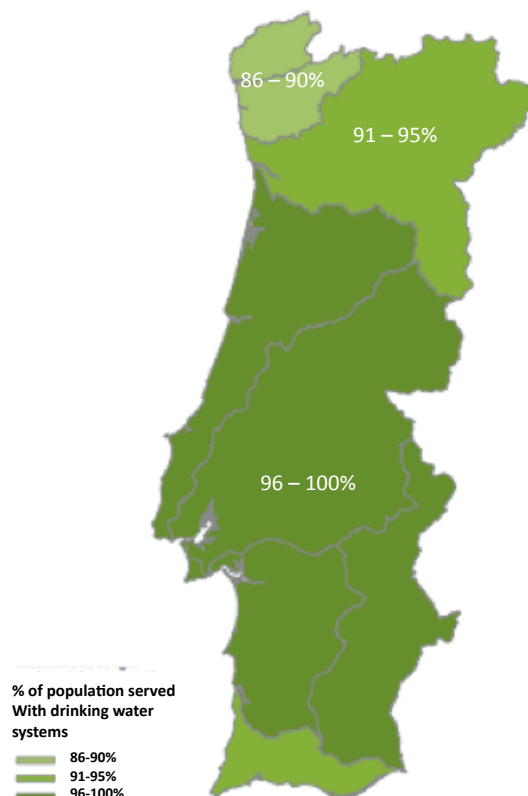
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PORTUGAL

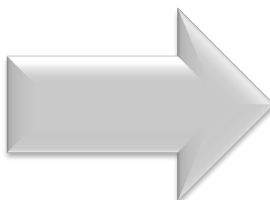
**achieved very good results
in the last 15 or 20 years
in using ESFI in the area of
WATER SERVICES**

How was this possible?

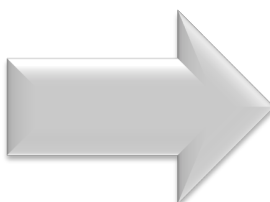


Evolution of the water sector in 1993-2010 and current targets

Percentage of the
population with access
to public water supply
systems



Population with access
to public systems for
waste water disposal
with adequate
treatment



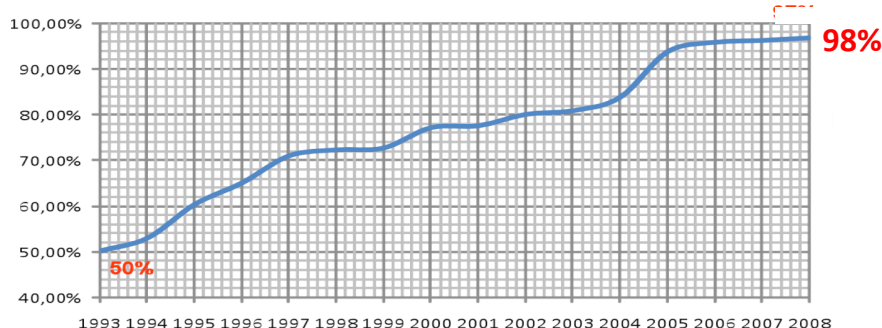
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Quality controlled
water supply in
accordance with
national and EU
standards



Evolution in Time



A boom in attendance and quality of service!!!

“The Portuguese miracle...”

Paul Reiter, Former Executive Director of IWA

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SITUATION IN 1993

INVESTMENTS: Only to solve **local problems** without seeking for integrated solutions (lack of synergies **dispersion of systems**)

MANAGEMENT: Responsibility of the **308 municipalities** (no corporate or entrepreneurial attitude)

OWNERSHIP: Private companies totally **excluded** in this sector by law

TECHNOLOGY: Difficult to adopt state of the art technology

WATER SOURCES: Many unsustainable or **unreliable sources** of water and very **poor integration** in water resources management

REGULATION: No regulation, no benchmarking, only “loose” technical requirements

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SITUATION IN 1993

Lack of infrastructure, low servicing, poor management and investment dispersion !

Water Supply

Waste Water Treatment

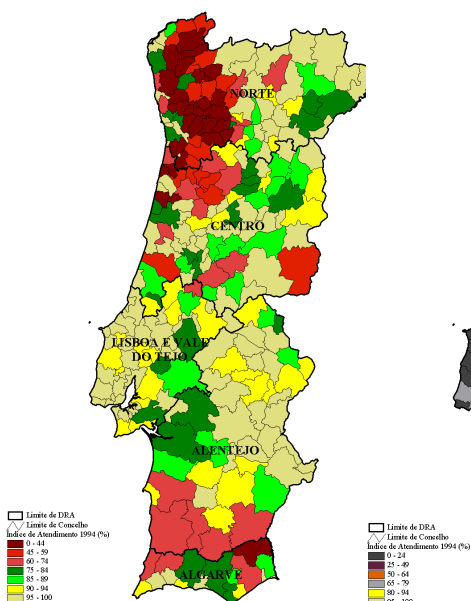
Water Supply:

**Only ≈ 50% of the municipalities
With more than 75% of service**

Waster Water Treatment:

**≈ 90% of the municipalities
With less than 50% of service**

No regulation !



INSTITUTO DA ÁGUA
Do Saneamento
Setembro de 1999

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How to implement a consistent national policy ?

How to optimize the use of the cohesion funds ?

How to bring scale to the new water systems ?

... with such a huge dispersion: - territorial dispersion !
- political dispersion !

How to adopt a consistent multilevel approach ?

- **National level:** Strategic vision and policy
- **Regional level:** Regional systems for “bulk” water
- **Local level:** Local “retail” water services

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An ambitious nation-wide Public-Public-Partnership

was launched leading to

Portuguese Model

of water services

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The Portuguese Model

Six Keywords of the Change

- **Concentration** (geographical scale - several municipalities)
- **Multipurpose operation** (water and wastewater)
- **Enterprising** (creation of companies instead of municipal service)
- **Segmentation** (“unbundling”: bulk/regional vs. retail/municipal)
- **Mild privatization** (gradual and under public control)
- **Regulation** (at the core of economic sustainability and quality improvement !)

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The Portuguese Model

Multimunicipal Companies and Holding AdP at the Core of the Model

DEFINITION OF MULTIMUNICIPAL COMPANIES

- Serves several municipalities and has a regional scale
- Only for regional “bulk” production of drinking water or regional “bulk” treatment of waste
- Municipalities remain responsible for “retail” services and direct contact with end users
- Majority of capital is public and municipalities are fully engaged in management (typically 51% State, 49% Mun.)
- Capital owned by the state is concentrated in AdP that is responsible for strategic management

Municipalities Kept Open Other Choices

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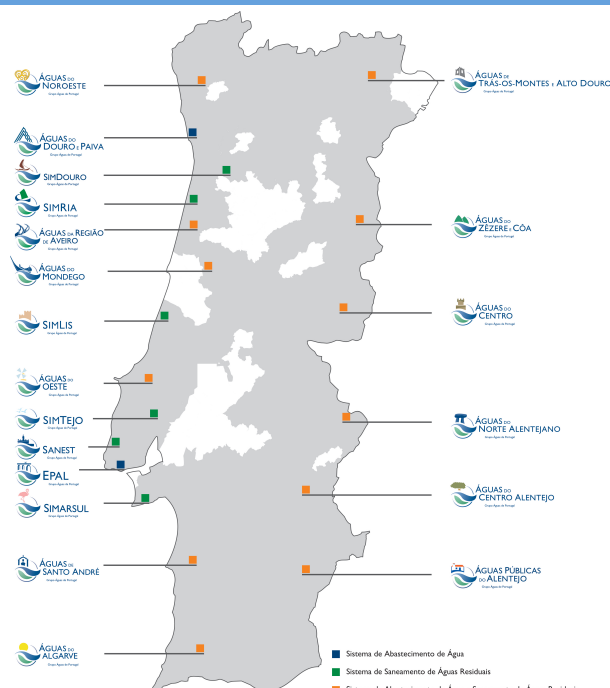


The Portuguese Model

The leading role of Águas de Portugal (AdP)



Nº of Enterprises	20
Water for Human Consumption	641 (10 ⁶ of m ³ /year)
Water Treatment Plants	88
Wastewater Treated	393 (10 ⁶ of m ³ /year)
Wastewater Treatment Plants	626



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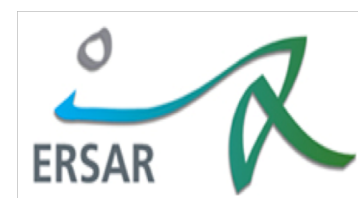
The Portuguese Model

The crucial role of regulation

An essential tool to promote efficiency, effectiveness, transparency and consumer satisfaction in water and wastewater services

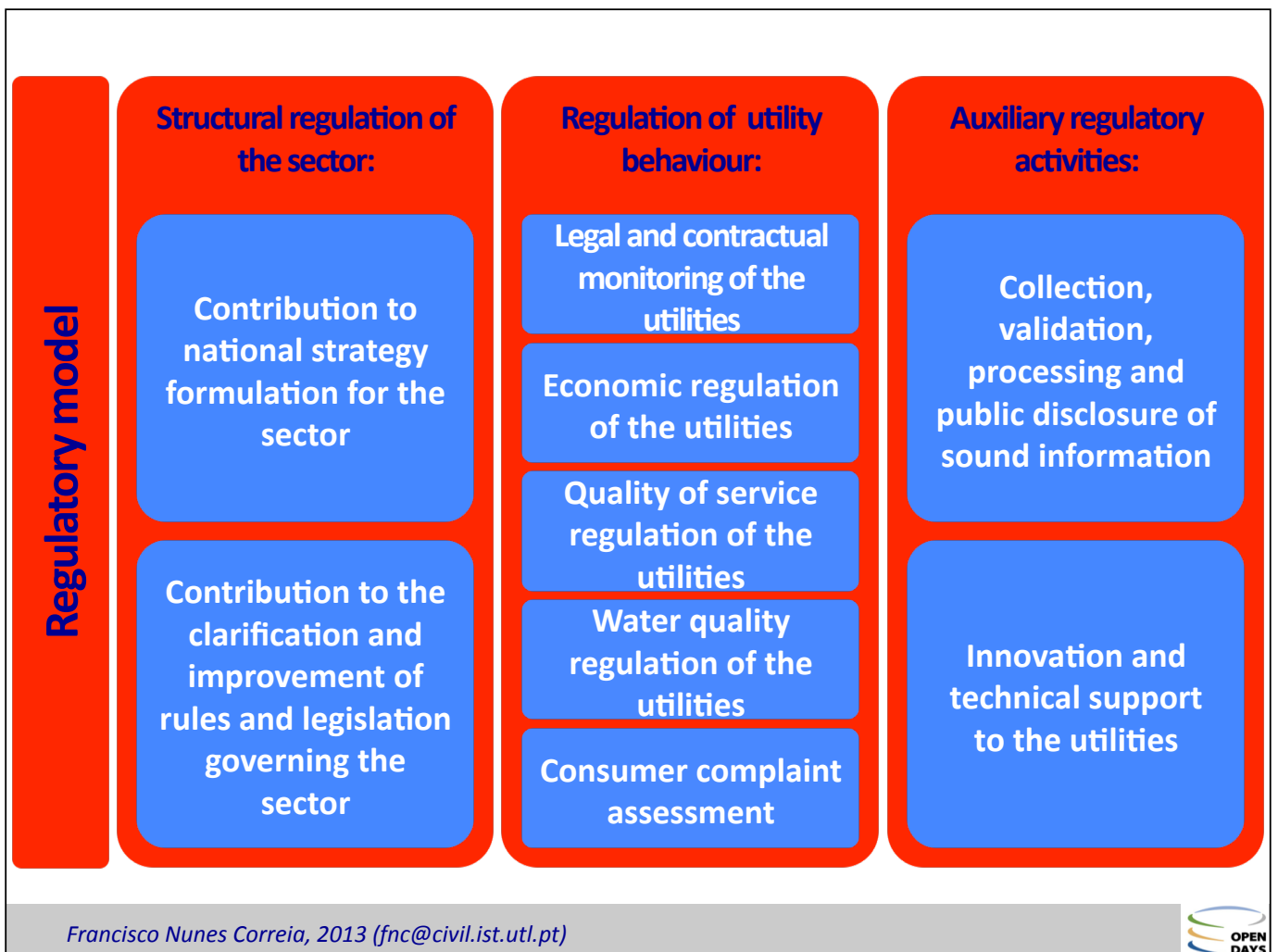
- It protects the consumer from the “natural monopoly”
- It promotes a “surrogate” for competition
- It protects the economic feasibility and sustainability of the service

The Portuguese Model of regulation considers three complementary areas of activity:



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Main lessons learned from the water and wastewater reform in Portugal:

- Critical mass in terms of administrative capacity
- Effectiveness in investing and getting results
- Respect for local authorities in the context of a national policy
- Effective regulation and benchmarking
- Regulatory Agency helps building administrative capacity
- Freedom of choice for local authorities: no “one size fits all”
- Development and maturing of a private sector
- Large step forward in terms of financial sustainability
- A gigantic public-public partnership involving 200 municipalities

תודה
Dankie Gracias
Спасибо شکرًا
Merci Takk
Köszönjük Terima kasih
Grazie Dziękujemy Děkojame
Ďakujeme Vielen Dank Paldies
Kiitos Täname teid 谢谢
Thank You Tak
感謝您 Obrigado Teşekkür Ederiz
감사합니다
Σας ευχαριστούμε ขอบคุณ
Bedankt Děkuje vám
ありがとうございます
Tack