

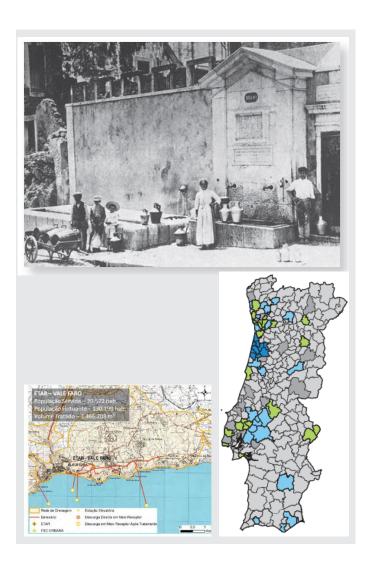
THE PORTUGUESE SUCCESSFUL CASE OF IMPLEMENTING AND MANAGING WATER AND SANITATION

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1. Evolution of Water Services in Portugal





Public Policies

In the last century and a half there were in Portugal several public policy cycles concerning water services

Since 1993 Portugal is on a new public policy cycle

The actual cycle in based on:

- Sector corporatisation
- Openness to private sector
- Physical aggregation of the systems (at a regional scale)

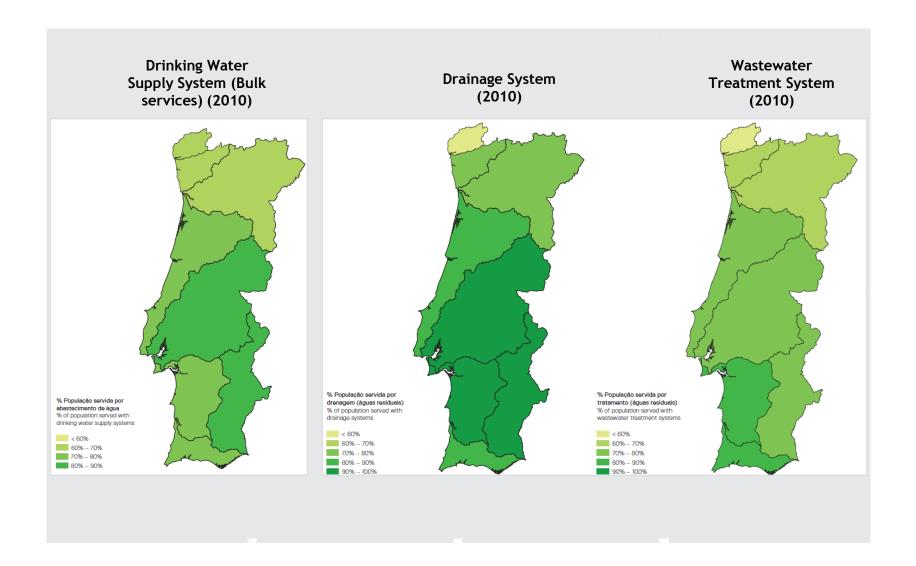
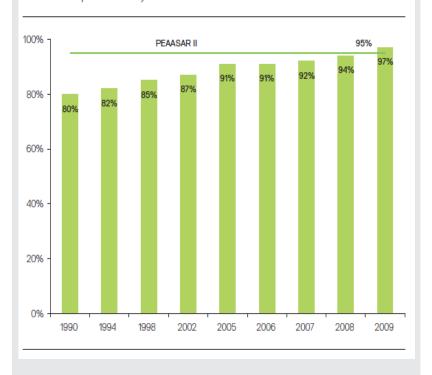




Figure 8. Evolution of the population served with drinking water supply services

(Source: INAG – Inventários Nacionais de Saneamento Básico, PNA e INSAAR 2010 – campanha 2009)



Evolution of public water supply service

The global objective was achieved

The investments will continue, but in a rational way, to solve specific and localized problems and concerning mainly assets management



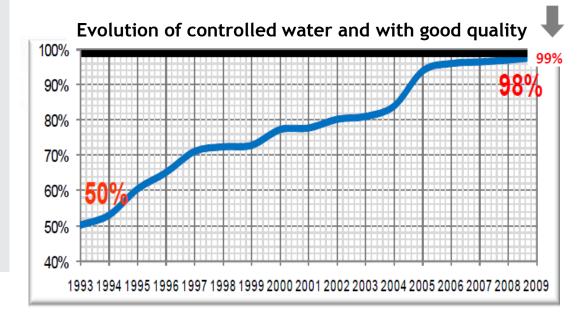


" The Portuguese miracle..."

Paul Reiter, IWA **Executive Director**

Growth of population with safe water

The situation has greatly improved





2. Strong Points/Fragilities







STRONG POINTS

Sector evolution in a consistent and integrated way

Results are in general very positive

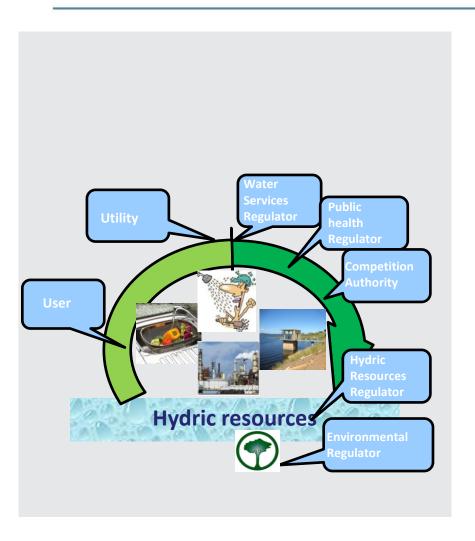
There is an international acceptance of the model success (EU, OECD, EIB, IWA,...)

FRAGILITIES

Worrying financial situation of operators

Over optimistic estimates for service demand Oversized infrastructure for actual service need Significant cost divergence in the implementation of investment plans Accumulation of billing deficits for non-**Deviation** compliance with the Minor cash flow minimum payments from Greater debt established in contracts concession contract Accumulation of large Contract tariffs are outstanding credit balances with low insufficient recoverability from the municipalities The impact of new technology options or new economic and financial Increasing tariff investments not originally planned in the concession deficit unsustainability agreement, approved or imposed by authorities

3. Reorganization of Water Services in Portugal

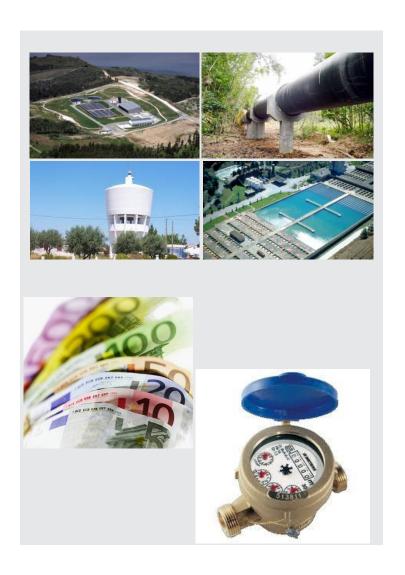


Sector Reorganization

Organization in an integrated way to guarantee:

- Universal access to continuous service and affordable prices
- A high quality of service (particularly water quality)
- 3. To promote environmental sustainability





Services Reorganization

Main actions:

- 3. Legislative and normative framework
- 4. Governance models
- 5. Clarification of the role of private enterprises
- 6. Creation of conditions form sustainable entrepreneurial activity



Other important aspects:

- 1. Reformulation of the tariff policy
- 2. Adequate human resources in number and capacity, belonging to a technical experienced community, active and participatory
- 3. Research and development





4. Sharing Experience



"Experience is often the most valuable thing you have to offer."



Portugal is available to share the experience accumulated over the last two decades

Water and Sanitation Services is one of the areas in which we can share this experience

Other potential areas: hydropower, integrated water system management, water scarcity and droughts

THANK YOU