



# FINANCING WATER AND SANITATION SERVICES

**5<sup>th</sup> Session of the Meeting of the Parties to the Protocol  
on Water and Health**

**ERSAR**

ENTIDADE REGULADORA  
DOS SERVIÇOS DE ÁGUAS E RESÍDUOS  
*THE WATER AND WASTE SERVICES  
REGULATION AUTHORITY*

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21 November 2019

# ECONOMIC PRINCIPLES OF PRICE REGULATION AND TARIFF SETTING

## UN general assembly

- Proclaimed access to safe drinking water and sanitation as a human right



Water tariffs

## Water Framework Directive 2000/60/EC (WFD)

- Established the principles of the new water resources management
- The purpose of this legislation was to become a reference point for the European countries
- Water pricing policies must provide adequate incentive for users to use water resources efficient and thereby contribute to the environmental objectives' of the WFD

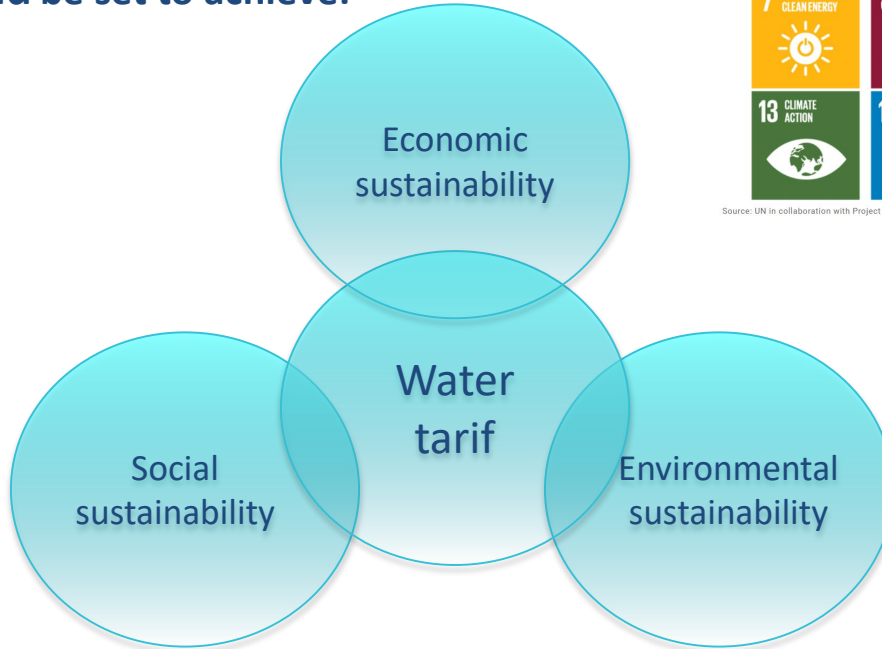
Efficiency =  
Responsible consumption

Equity

Cost recovery

# WATER PRICING AND SUSTAINABILITY

Water tariffs should be set to achieve:



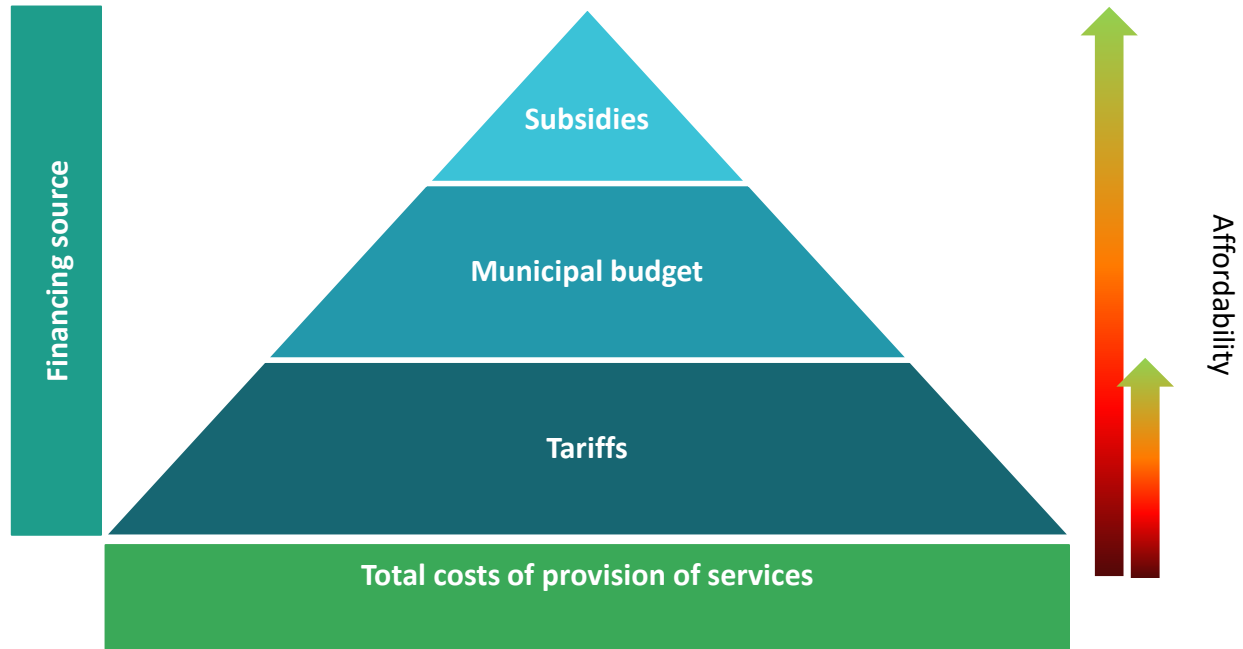
Source: UN in collaboration with Project Everyone

There is a trade-off between these objectives, and different type of water tariff reaches some objectives better than others

# SOURCES OF FUNDING

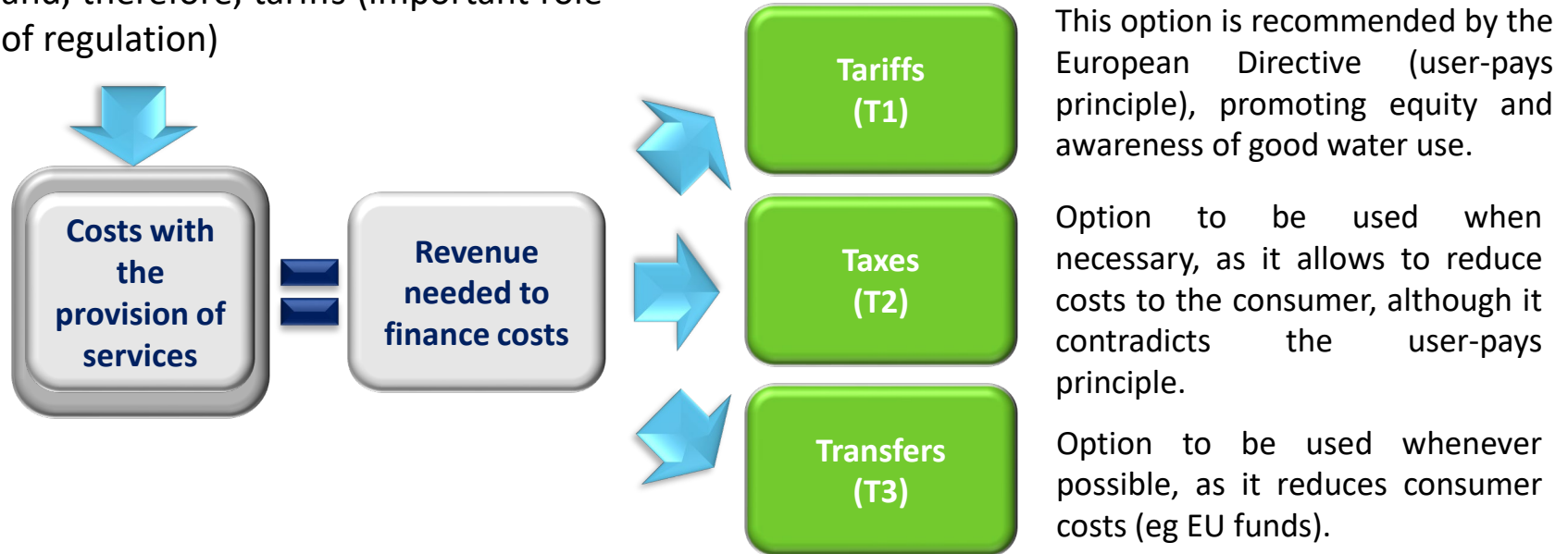


## Definition of sources of funding



# SOURCES OF FUNDING

Promote "efficiency" to reduce costs and, therefore, tariffs (important role of regulation)



The reduction of T1, at the expense of T2 and T3, should be a political decision of the competent authorities, taking into account the need for tariff moderation.

# SOME COMMON CONCERNS



- Infrastructure's sustainability - Water and wastewater facilities are ageing and deteriorating
- Climate change
- Water stress

It's urgent to implement the right measures to reverse the situation



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Thank you!

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