

Financing water and wastewater in France *a 3fold solidarity system*



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BASICS OF WATSAN IN FRANCE

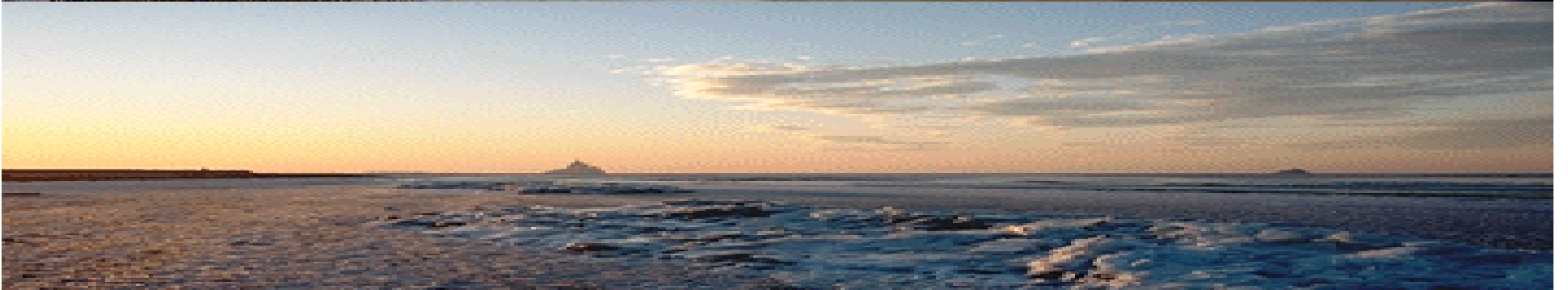
- municipal ownership & operation
- polluter-pays and consumer-pays
- taxes feed riverbasin water facilities
- water agencies support investments
- 5 years financial programs
- stakeholders are decision makers
- central gov regulates: MEDAD

French Water Agencies

1964 Act :

- 6 River Basin
- 6 Agencies
- 6 River Basin committees





FRENCH WATER AGENCIES: THE CASE OF AESN

- Financing water by water
- At watershed level
- Users are payers and decision-makers
- each drop of water used/polluted is billed
- Each bill is taxed to feed a basin facility
- Water agencies operate the facility

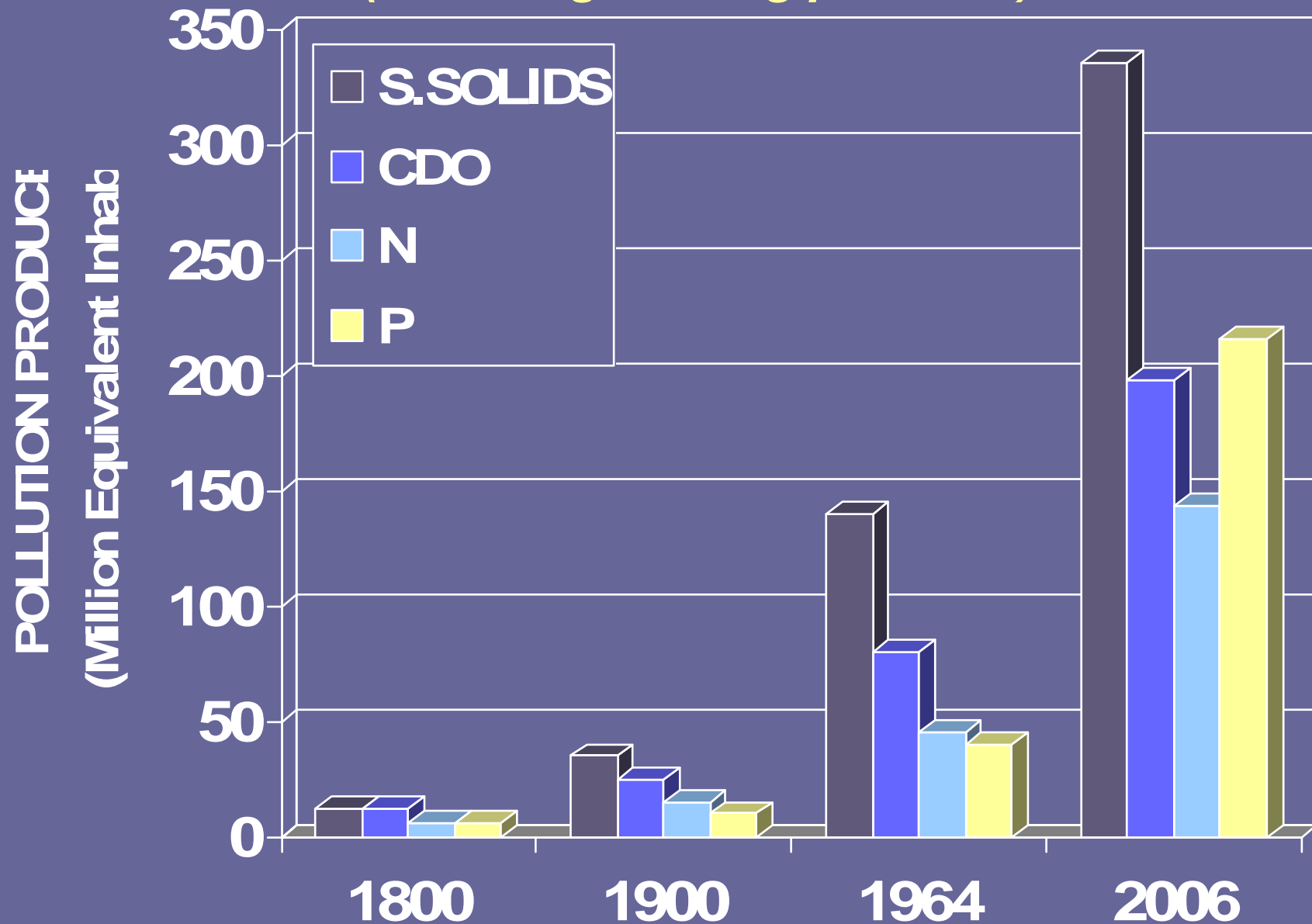
The Seine-Normandy basin



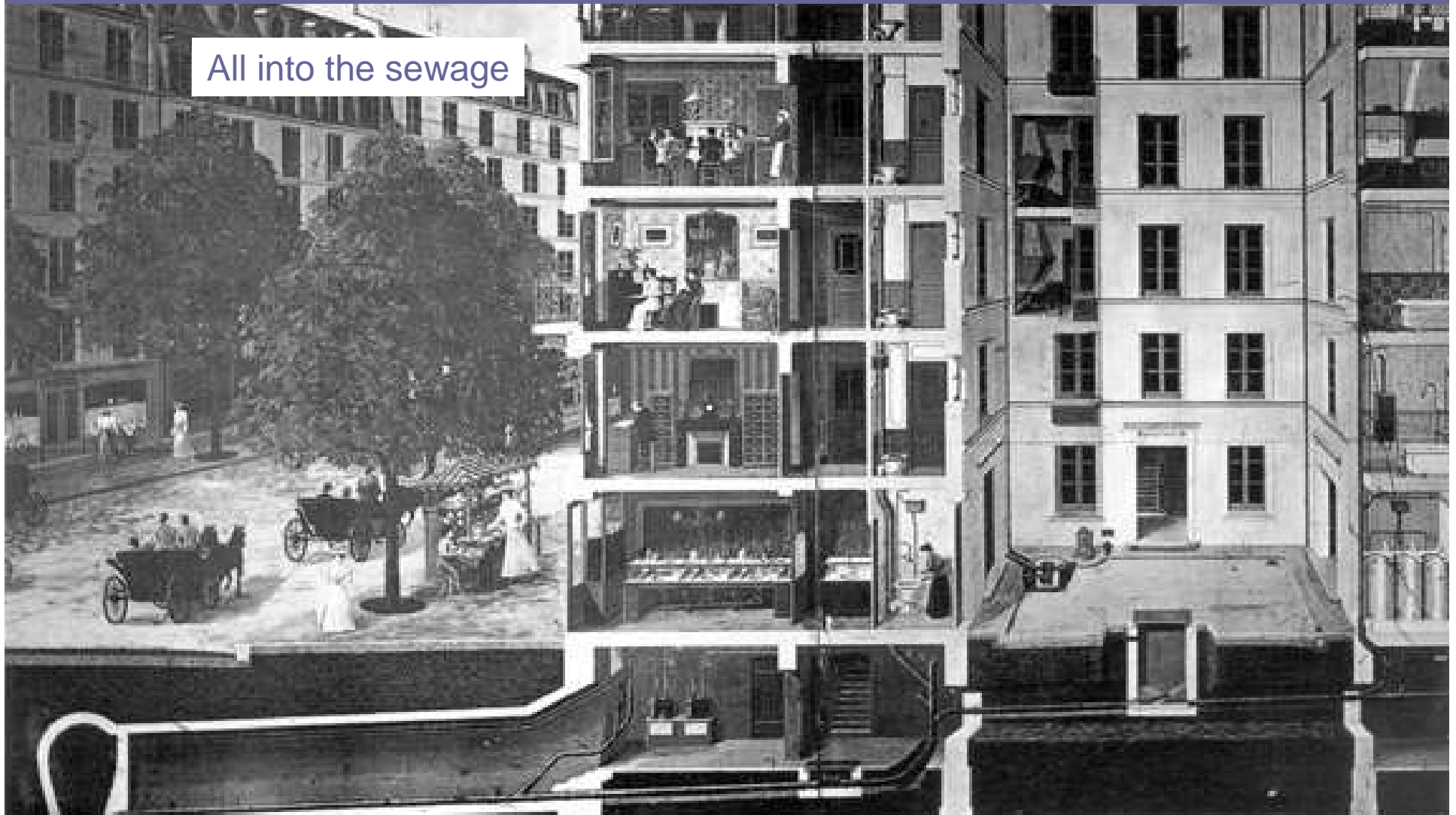
100 000 km²
8 regions, 25 counties, **8700**
municipalities
17 million inhabitants
in 2% of the basin area
40 % of national industrial activity
60 % of the basin area cultivated

Seine Normandie water pollution before treatment

(including farming pollution)



Sanitation in Paris agglomeration in since 19th

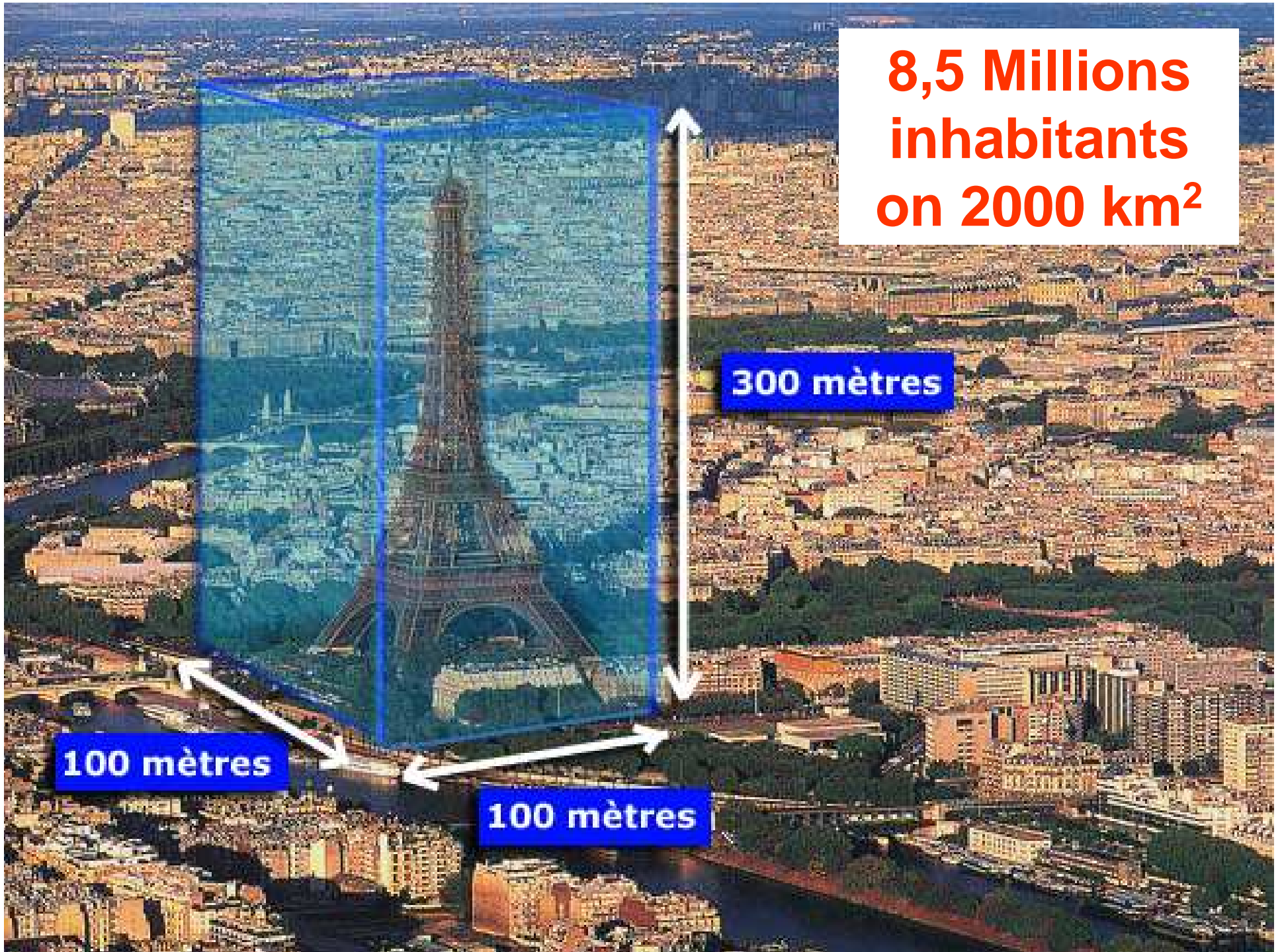


**8,5 Millions
inhabitants
on 2000 km²**

300 mètres

100 mètres

100 mètres



IV. GOVERNANCE: **negociation & consensual decision**



Gestion intégrée de l'eau

Who decides ?

Who is concerned has to be part of the decision process

Basin
committee

=

Stakeholders are
the decision makers



Basin committees : how do they work ?

Basin Committee

118 members

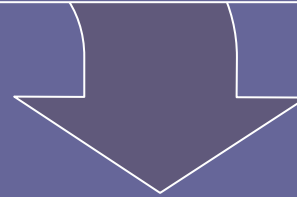
45 local authorities rep.

45 stakeholders rep.

21 state rep.

7 professional rep.

Define the basin water policy (SDAGE)
Designate the Water Agency Board
Approve programmes and taxes



Water Agency board 35 members

1 President

11 local authorities rep.

11 stakeholders rep.

11 state rep.

1 staff delegate

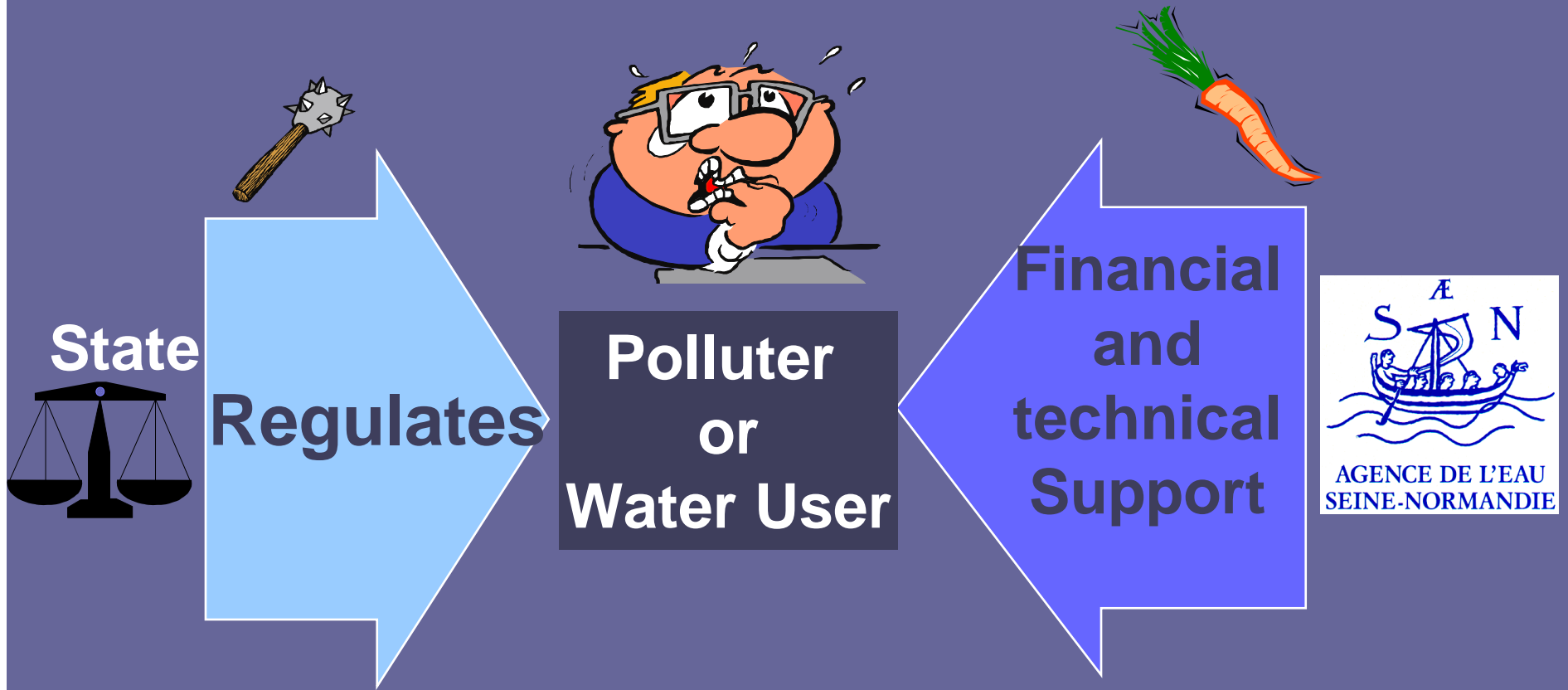


Water agency is
created
for solutions
not for problems

Roles of the agency

- **Proposes** to the basin committee & **Implements:**
 - (1) basin & sub-basin master plans enforcing regulations
 - (2) the basin quinquennial investment program/facility
- **Collects the taxes**
- **Operates the facility**
- **Supports local owners** through the program
- **Monitors** water & environment knowledges
- **Involves** & Informs the public

Water agency is fighting against pollution



Financial Aspects



ECONOMIC INCENTIVES

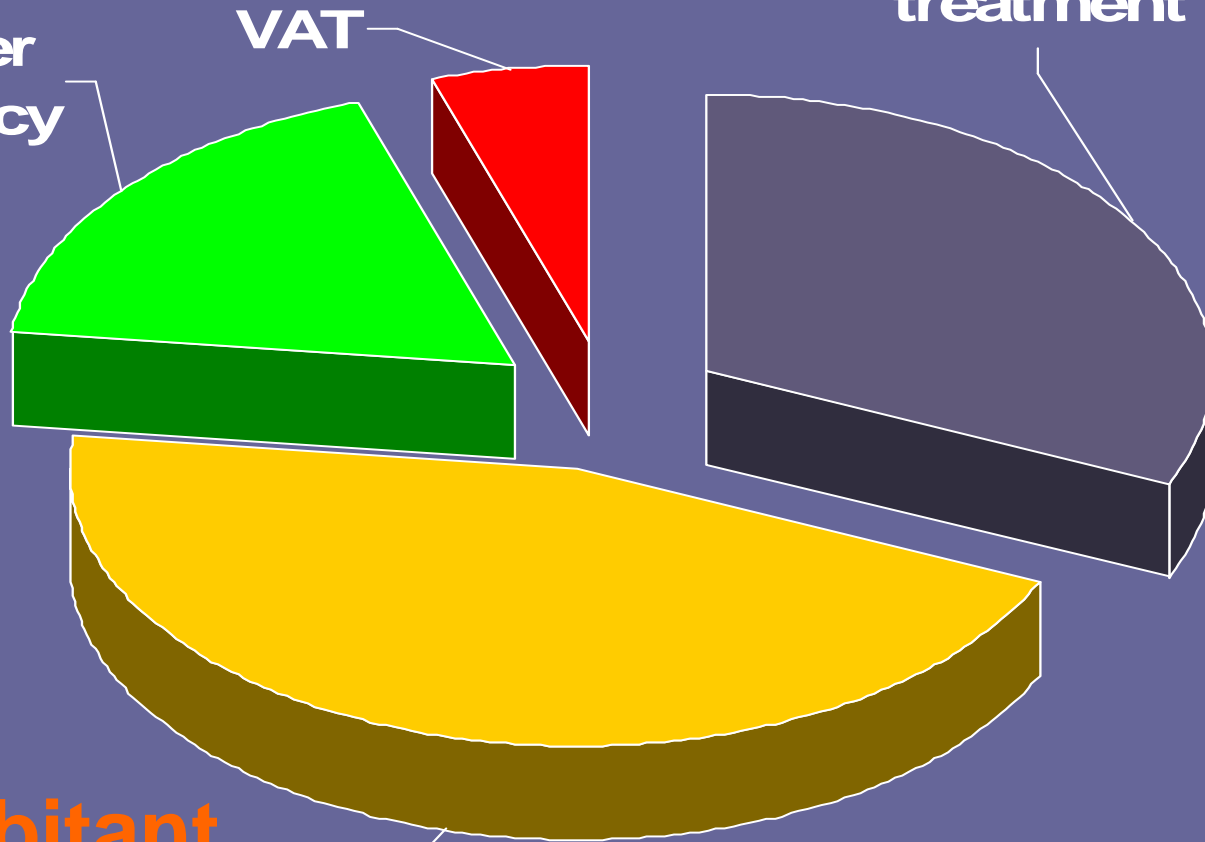


Pollutor-pays mechanism

Water Agency

VAT

Drinking water supply and treatment



€ 51 per inhabitant per year

Water Price in Paris
3 €/m³

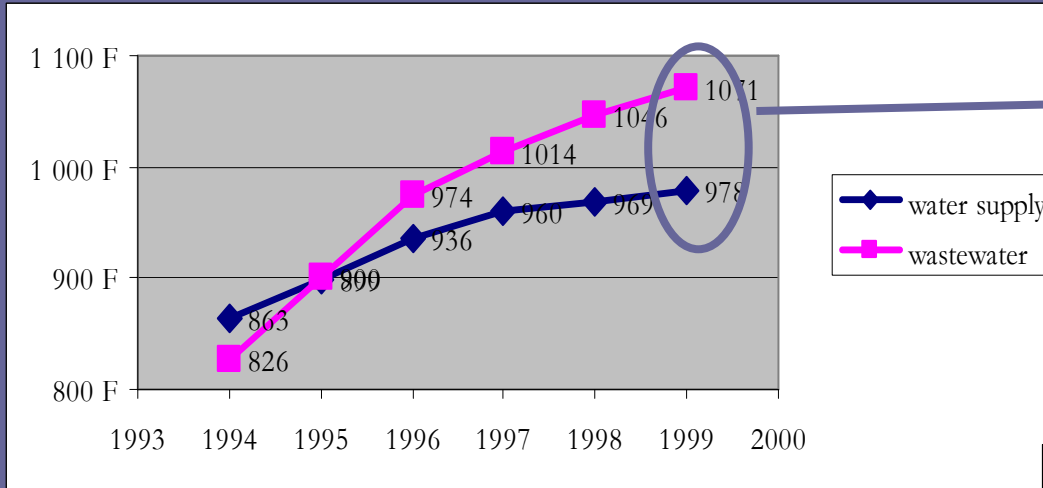
SANITATION

*Where does
the money come from?*

Consumer
and polluter
pay...
generally

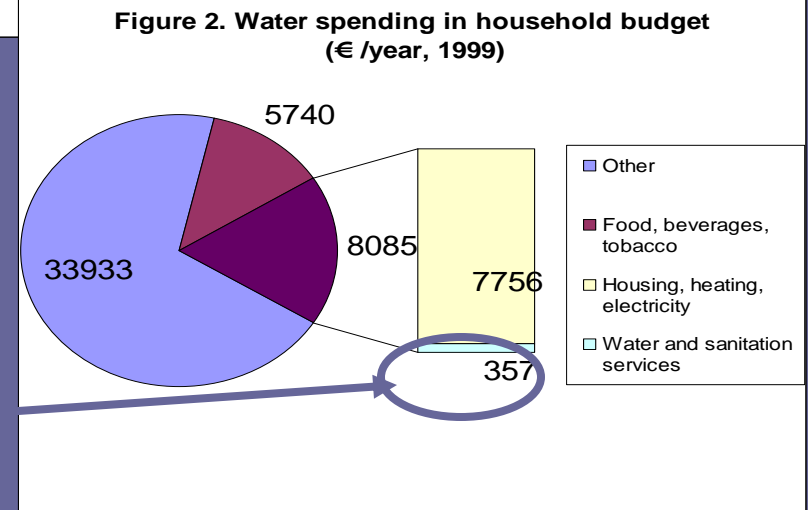


Cost of water supply and sanitation services



Total :
 2,93 €/m³
 357 €/household/year

Water Spending is 0.7% of the Household Average Income (45.000 €/year)



France

2007

SHARE OF WATER

INTO FRENCH HOUSEHOLD BUDGET

1	housing	22 %
2	power & transport	16 %
3	health	13 %
4	tourism, culture	12 %
5	food	10 %
6	Education	7 %
7	Communication (NT)	4 %
8	clothes	4 %
10	tobacco & alcohol	2,7%
11	soft drinks	1,3%
12	water supply & sanitation	0,8%

USING THE WATER BILL

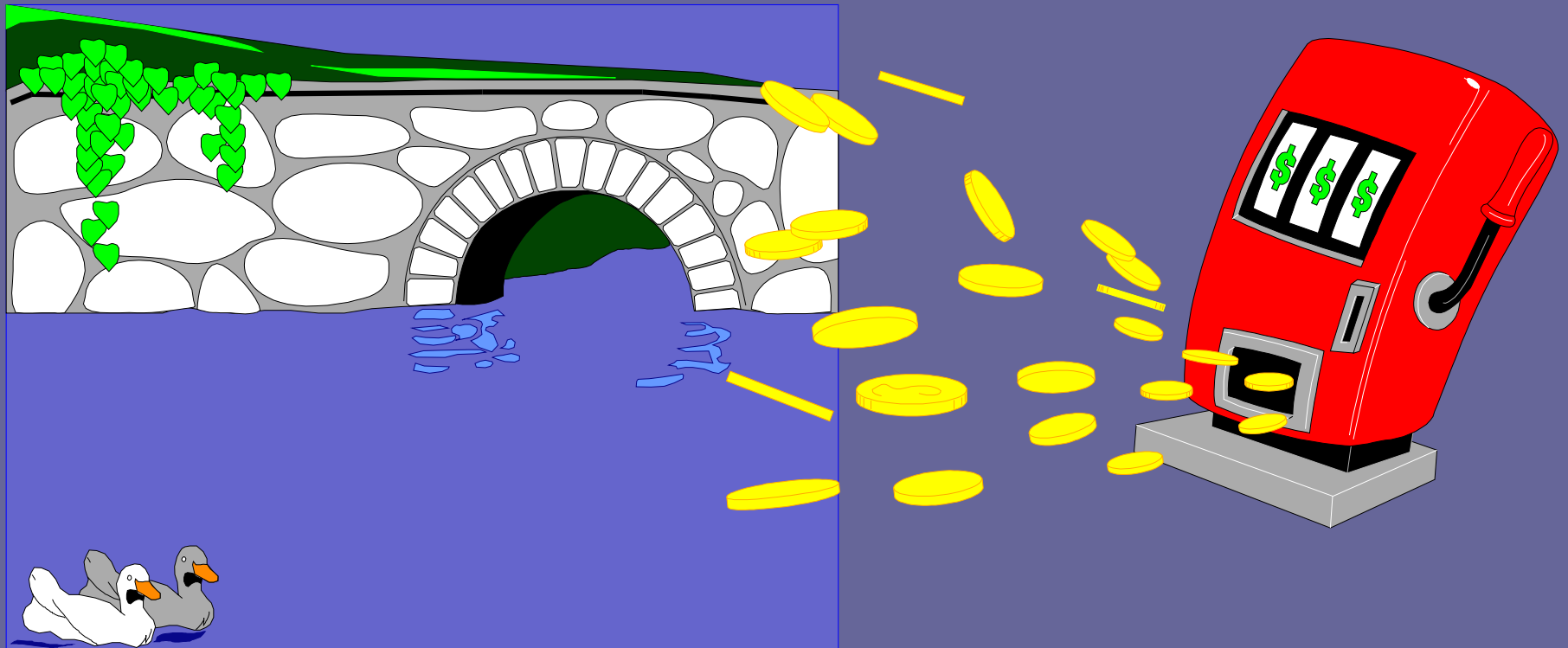
Seine Normandy average: € 2.93/m³

- | | |
|--|----------------|
| ■ Water supply utility | € 1.14 |
| ■ Waste water utility | € 1.01 |
| ■ VAT for National Treasury | € 0.15 |
| ■ Basin Taxes for water funds | € 0.63 |
| ■ <i>Water Agency (AESN)</i> | <i>€ 0.55</i> |
| ■ <i>National & Intern Solidarity (PNSE)</i> | <i>€ 0.06</i> |
| ■ <i>Rur Wat Sup Nation Trust (FNDAE)</i> | <i>€ 0.02</i> |
| ■ <i>Navigation National Trust (VNF)</i> | <i>€ 0.003</i> |

Where does the money go ?

Who invests is supported

From 1991, 56% of water investments were disbursed by AESN (€ 5.6 billions/10 billions total up to 2001)



A self supporting water financing system

- Water investments are initiated and financed by municipal services and other owners (industries, ...) with 40% grants and 20% soft loans from the water basin agencies.
- No State budget for water apart from national solidarity funds coming from the water bills .
- water bills pay V.A.T to the Treasury .

A THREE FOLD SOLIDARITY SYSTEM

- **WITHIN THE BASIN**, between municipalities
- **AT THE NATIONAL LEVEL**: (1) basin agencies contribute to the National Office of Aquatic Bodies (ONEMA); (2) all consumers & polluters pay VAT to the National Treasury
- **AT THE INTERNATIONAL LEVEL**, Central Gov, Agencies, and local utilities contribute to international water solidarity: INBO, MDG7/10 water projects, ... **french water budgets support international water cooperation.**

BASIN SOLIDARITY

- Pollution tax of each utility is modulated according to their population scale: **large agglomerations (PARIS) pay 2.8 times more** than low populated municipalities
- Munic. **less than 400 inhabitants do not pay**
- **All get the same level of support** from the agencies.

NATIONAL SOLIDARITY

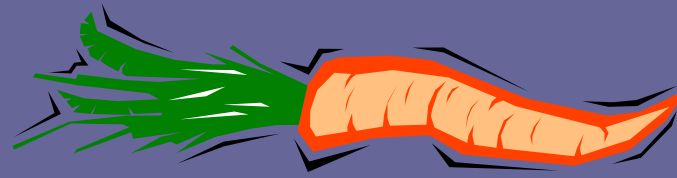
- Each basin agency contributes to the national water solidarity notably through the National Solidarity Fund (FNSE) operated by the Environment Ministry(MEDD).
- Consumers pay VAT to Treasury

INTERNATIONAL SOLIDARITY

- FNSE contributes to international water solidarity (INBO,...);
- AESN ran its own international solidarity fund and supported 150 microprojects over 38 developing countries carried by 46 NGOs (2/1000 of AESN total budget);
- new law extends this up to 1/100 of all water budgets (agencies, utilities, etc...).

IWRM allows water to pay for water : a selfhelped sector

Capital investments are decided and carried by the municipal owners, supported by water agencies:



40% grants & 20% soft loans

Bassin solidarity with rural areas and less populated municipalities

RESULTS: Capital investments

€ 32 billions invested in 37 years

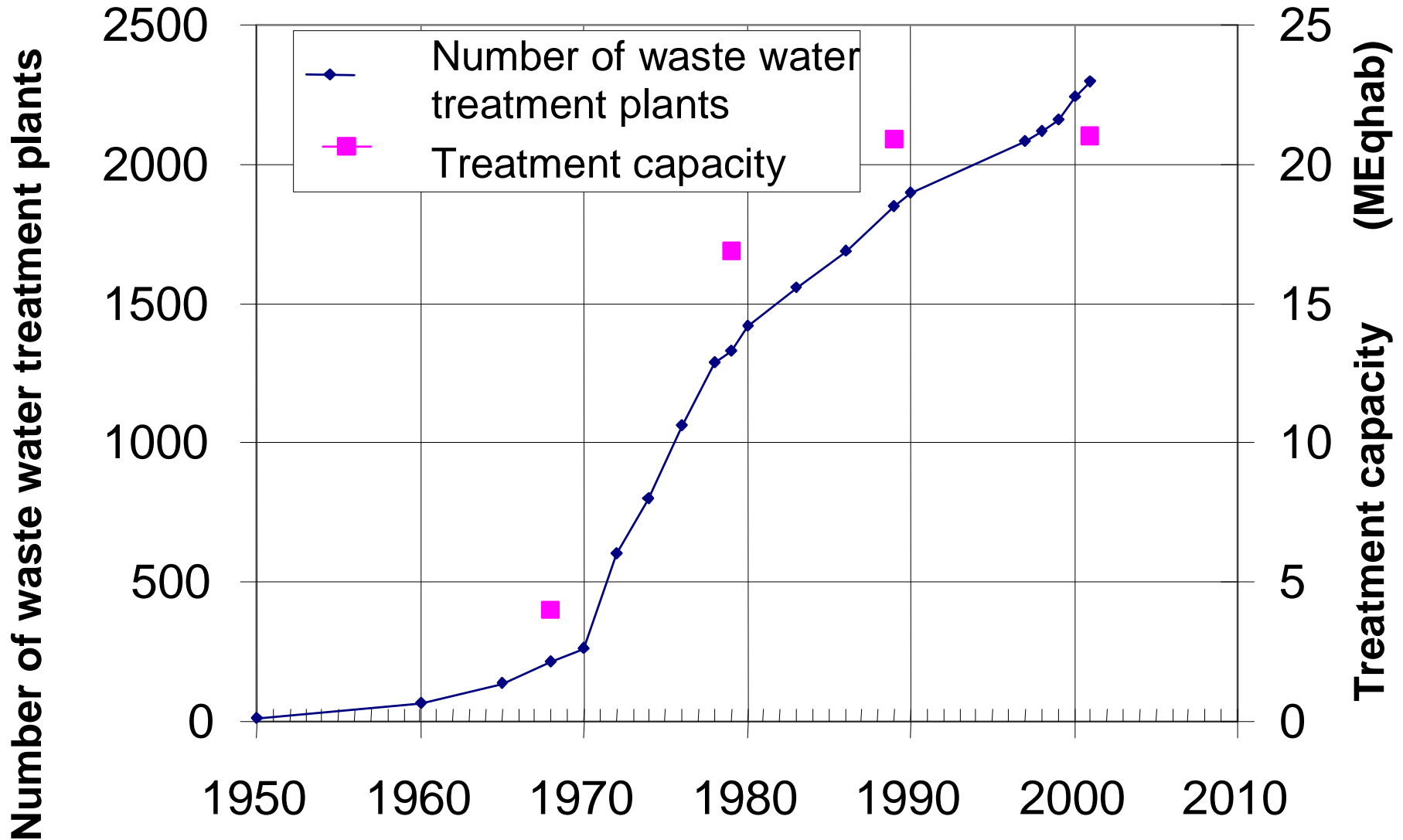
- € 865 millions per year for municipalities

- Water Agency contributed 55%

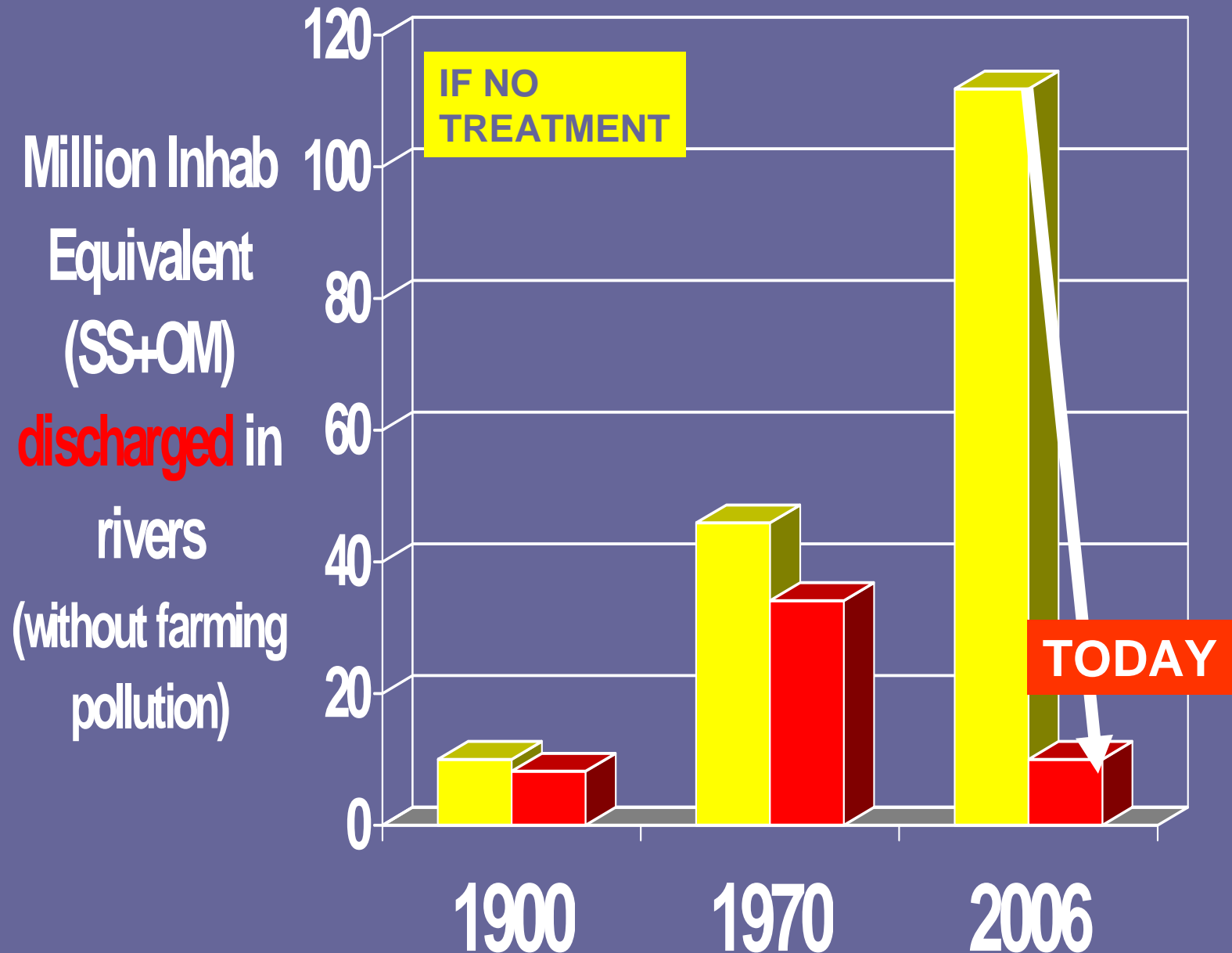
- Paid by 17 millions water polluters



RESULTS: Infrastructures



Seine Normandie treatment benefits



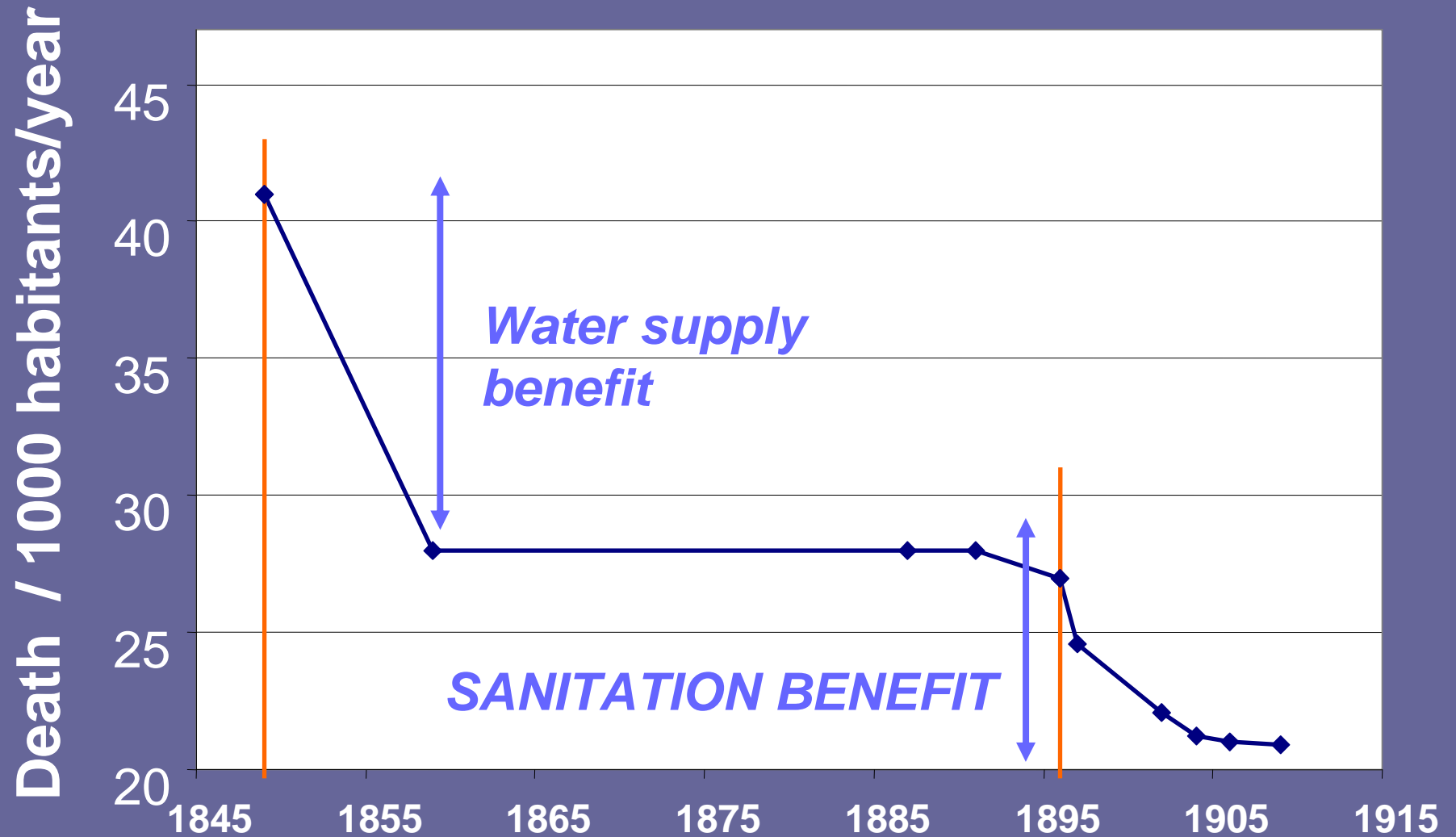
BENEFITS OF SANITATION WITHIN THE SEINE-NORMANDIE WATERSHED

	1964	2006
Bathing areas in conformity	43 %	95 %
Ammonium concentration of Seine	10	1
Cadmium conc. of sea shellfish	5	1
Child mortality	25‰	3.5 ‰
Fish species	3	29
Hépatitis A (18-25 males prevalence)	55 %	5%
Number of foreign visitors/tourists	8 M	40 M



HEALTH BENEFITS

MARSEILLE



ADVOCATING THE BENEFITS OF POLLUTION TREATMENT



Istanbul

IVth WWF MEXICO



Fez



Mexico



Seine-Normandy

SESSION FT 1.02

FIGHTING POVERTY THROUGH WASTE WATER MANAGEMENT

Guy FRADIN (AESN, FRANCE)

Benedito BRAGA (ANA, BRAZIL)



FT 1.02 STATEMENTS

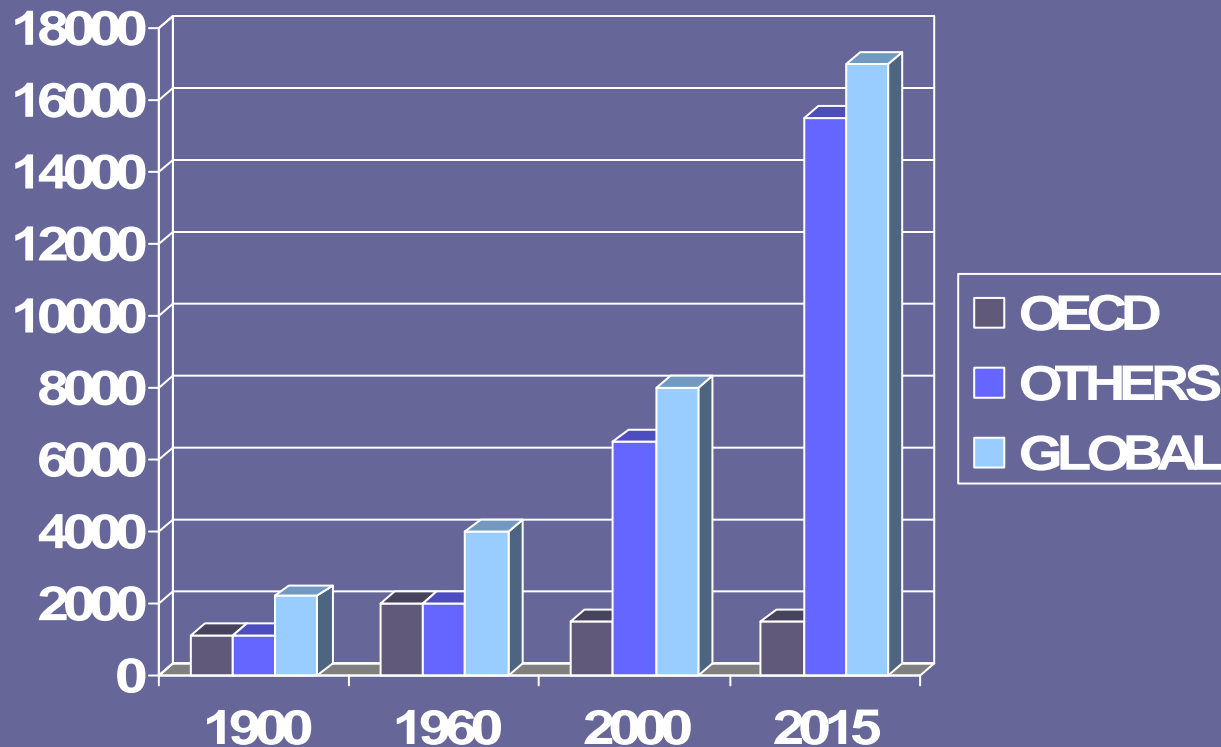
- **Untreated municipal discharges threaten existing drinking water supplies & natural resources**
- **Urban pollution transfers poverty downstream**
- **UWWT delivers high human & economic benefits**
- **90% of urban pollution is not “basic sanitation” : grey waters, septic sludge, rainwaters, industrial & artisanal ...**
- **Reword target 10 to fit MDG7**
- **Promote UWWT international and national rules**
- **Link UWWT to new urban water supplies**

Population x 1000 + pollution x 10 = what a change !



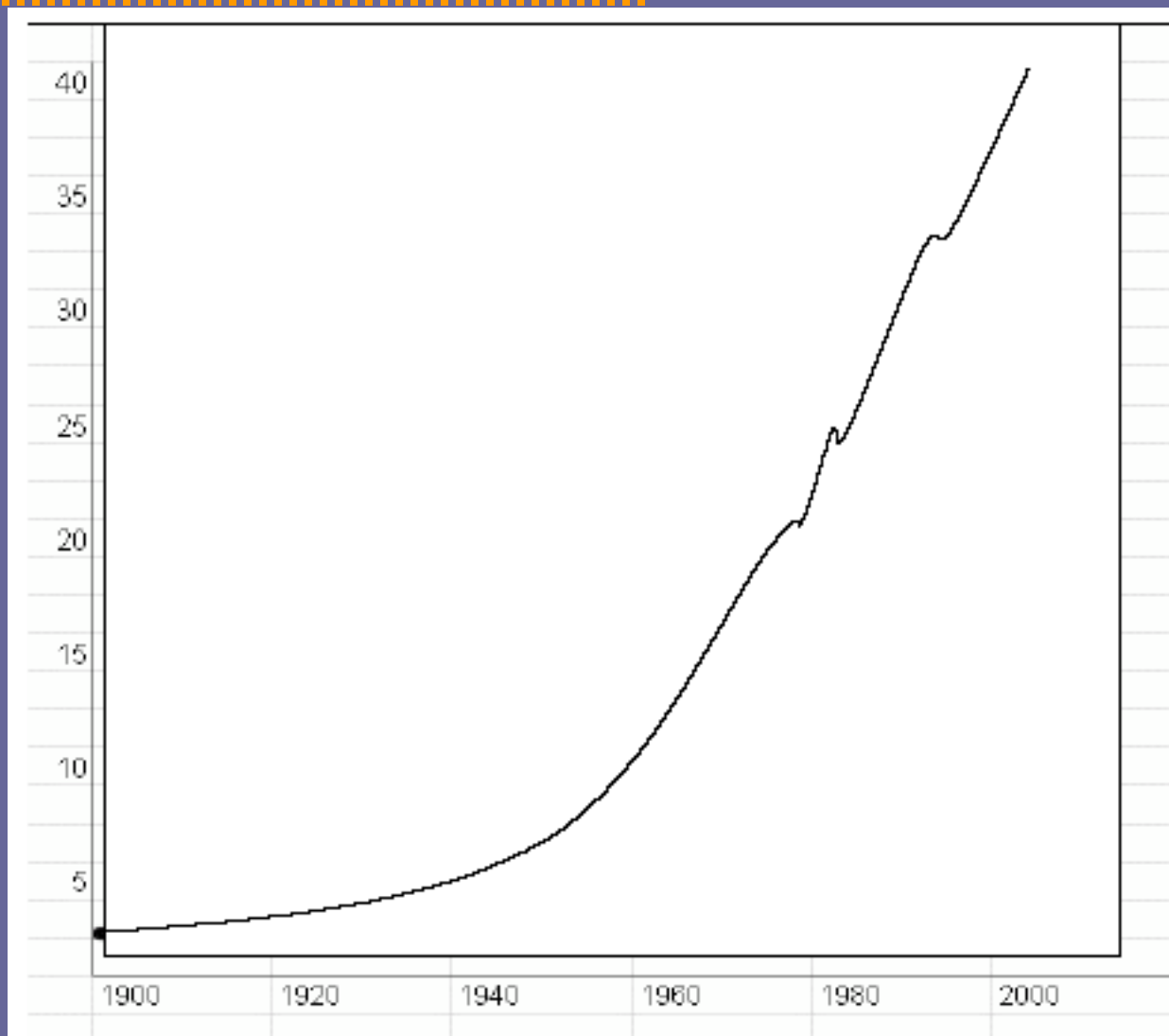
HUMAN PRESSURES ON THE ENVIRONMENT SINCE NEOLITHIC, figured in surfaces.

GLOBAL UNTREATED POLLUTION DISCHARGED INTO AQUATIC BODIES (in million equivalent people)



In 2000, a permanent discharge equivalent to **the pollution load of 8 000 million** Homosapienses of the Neolithic ages. Could reach a **17 000 Million people load in 2015** following present growth of GDP & population in developing countries

..WHEN GLOBAL G.D.P WAS DOING THIS:



Reconstruction of global GDP since 1900 /Sources : Maddison, 1995; Jancovicci 2007